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

If you have sold or transferred all your shares in **Lingbao Gold Group Company Ltd.**, you should at once hand this circular to the purchaser or the transferee or to the bank, the 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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LINGJIN

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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

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

(Stock Code: 3330)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



**Lego Corporate
Finance Limited**

力高企業融資有限公司

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



**金融有限公司
OCTAL Capital Limited**

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 41 of this circular.

A notice convening the EGM of the Company to be held at the office of the Company at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC on Wednesday, 31 January 2024 at 9:00 a.m. is set out on pages 48 to 50 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy (as applicable) in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. In order to be valid, the proxy form must be deposited by hand or by post to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in the case of holders of H Shares) or to the Company's registered office at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC (in the case of holders of Domestic Shares). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

12 January 2024

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“Company”	靈寶黃金集團股份有限公司 (Lingbao Gold Group Company Ltd.), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange with stock code 3330
“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
“D&R Asset Management”	D&R Asset Management Group Co., Ltd. (達仁投資管理集團股份有限公司), the controlling Shareholder of the Company directly holding 185,339,000 Domestic Shares and indirectly holding 319,772,164 H Shares, representing an aggregate of approximately 42.7% of the issued share capital of the Company as at the Latest Practicable Date
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) with nominal value of RMB0.20 each in the ordinary share capital of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Shiye Comprehensive Products Framework Agreement, the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder
“Framework Agreements”	collectively, the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	the overseas listed foreign share(s) with nominal value of RMB0.20 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong in HK\$ (stock code: 3330)

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company (comprising all the independent non-executive Directors) established to advise the Independent Shareholders in respect of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder
“Independent Financial Adviser”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Shiye Comprehensive Products Framework Agreement, the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required by the Listing Rules to abstain from voting at the EGM to approve the Shiye Comprehensive Products Framework Agreement, the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Jiesi Shiye”	Shenzhen Jiesi Shiye Technology Co., Ltd. (深圳傑思實業科技股份有限公司), a joint stock company incorporated in the PRC with limited liability which is indirectly wholly-owned by Mr. Wang Guanran as at the Latest Practicable Date
“Jiesi Shiye Group”	Jiesi Shiye and its subsidiaries from time to time
“Jiesi Weiye”	Shenzhen Jiesi Weiye Holding Co., Ltd. (深圳傑思偉業控股股份有限公司) (formerly known as Beijing Jiesi Weiye Co. Ltd. (北京傑思偉業控股有限公司)), a joint stock company incorporated in the PRC with limited liability which is owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively as at the Latest Practicable Date

DEFINITIONS

“Jiesi Weiye Group”	Jiesi Weiye and its subsidiaries (other than the Group) from time to time
“kg”	kilogram
“Latest Practicable Date”	8 January 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	collectively, the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shiye Annual Caps”	the proposed annual caps for the Shiye Mutual Supply Transactions for the three years ending 31 December 2026
“Shiye Comprehensive Products Framework Agreement”	the framework agreement dated 14 December 2023 entered into between the Company and Jiesi Shiye in relation to the Shiye Mutual Supply Transactions
“Shiye Mutual Supply Transactions”	(i) the supply of gold concentrates and compound gold by Jiesi Shiye Group to the Group; and (ii) the supply of copper and silver by the Group to the Jiesi Shiye Group pursuant to the Shiye Comprehensive Products Framework Agreement
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Weiye Annual Caps”	the proposed annual caps for the Weiye Mutual Supply Transactions for the three years ending 31 December 2026

DEFINITIONS

“Weiye Comprehensive Products Framework Agreement” the framework agreement dated 14 December 2023 entered into between the Company and Jiesi Weiye in relation to the Weiye Mutual Supply Transactions

“Weiye Mutual Supply Transactions” (i) the supply of gold concentrates and compound gold by Jiesi Weiye Group to the Group; and (ii) the supply of copper and silver by the Group to the Jiesi Weiye Group pursuant to the Weiye Comprehensive Products Framework Agreement

“%” per cent

* *For identification purpose only*

LETTER FROM THE BOARD



LINGJIN

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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

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

(Stock Code: 3330)

Executive Directors:

Mr. Chen Jianzheng (*Chairman*)
Mr. Xing Jiangze
Mr. He Chengqun
Mr. Dai Weitao
Mr. Wu Liming

Registered Office:

Hangu Road and
Jingshan Road Intersection
Lingbao City
Henan Province
The PRC

Non-executive Directors:

Mr. Zhang Feihu
Mr. Wang Guanran

Principal Place of Business in Hong Kong:

Room 1104, 11/F.,
Leighton Centre 77 Leighton Road
Causeway Bay, Hong Kong

Independent non-executive Directors:

Mr. Wang Guanghua
Mr. Wang Jiheng
Mr. Xu Rong
Mr. Tan Chong Huat

12 January 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2023 in relation to, among other things, the Shiye Comprehensive Products Framework Agreement, the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder.

LETTER FROM THE BOARD

On 14 December 2023 (after trading hours), the Company and Jiesi Shiye entered into the Shiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Shiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Shiye Group from time to time for a period commencing from the effective date of the Shiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

On 14 December 2023 (after trading hours), the Company and Jiesi Weiye entered into the Weiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Weiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Weiye Group from time to time for a period commencing from the effective date of the Weiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

The purpose of this circular is to provide you with (i) further information of each of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement; (ii) the opinions and recommendations of the Independent Board Committee and the Independent Financial Adviser; (iii) other information as required under the Listing Rules; and (iv) notice of the EGM. The EGM will be held on 31 January 2024 for the purpose of obtaining the approval from the Independent Shareholders in respect of the subject transactions.

CONTINUING CONNECTED TRANSACTIONS

(1) Shiye Comprehensive Products Framework Agreement

On 14 December 2023 (after trading hours), the Company and Jiesi Shiye entered into the Shiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Shiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Shiye Group from time to time for a period commencing from the effective date of the Shiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

The principal terms of the Shiye Comprehensive Products Framework Agreement are set out as follows:

Date

14 December 2023

Parties

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) Jiesi Shiye (for itself and on behalf of its subsidiaries)

LETTER FROM THE BOARD

Subject matter

Pursuant to the Shiye Comprehensive Products Framework Agreement, (i) the Jiesi Shiye Group (as supplier) shall supply gold concentrates and compound gold to the Group (as purchaser); and (ii) the Group (as supplier) shall supply copper and silver to the Jiesi Shiye Group (as purchaser) (collectively, the “**Shiye Mutual Supply Transactions**”).

The Company and Jiesi Shiye may enter into separate agreements or place purchase orders to set out specific terms and conditions (e.g. price, quantity, date of delivery and payment terms) in relation to the supply of products in accordance with the terms and conditions of the Shiye Comprehensive Products Framework Agreement.

Term

The Shiye Comprehensive Products Framework Agreement shall become effective upon obtaining Independent Shareholders’ approval at the EGM and end on 31 December 2026.

Subject to compliance with the requirements under the Listing Rules and all other applicable laws and regulations, the term of the Shiye Comprehensive Products Framework Agreement can be renewed and extended for a successive period of three years upon its expiry by mutual consent of the parties thereto.

Pricing policy

As a general principle, the price of products under the Shiye Comprehensive Products Framework Agreement will be negotiated on an arm’s length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms which are no less favourable to the Company than those offered to, or quoted by, Independent Third Parties.

The specific pricing methodologies for various products are set out as follows:

Gold concentrates

The price of gold concentrates shall be determined according to the pricing methodology as follows:

- (a) the settlement amount of gold concentrates is calculated based on the spot price as quoted on the Shanghai Gold Exchange (上海黄金交易所) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any); and
- (b) alternatively, the supplier may choose to fix the price of gold concentrates within 30 days after the delivery date based on the spot price as quoted on the Shanghai Gold Exchange during such period. A price fixing agreement shall

LETTER FROM THE BOARD

be entered into on the delivery date. If the supplier does not fix the price within the prescribed period, settlement price will be fixed, and settlement will be made, on the last trading day of the price fixing period.

Compound gold

The price of compound gold shall be determined according to the pricing methodology as follows:

- (a) the estimated settlement amount of compound gold is calculated for the purpose of making upfront payment based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the delivery date, on-site gross weight and approximate fineness estimated by the Group. If the Shanghai Gold Exchange is closed on the delivery date, the estimated settlement amount will be calculated based on the closing price of “Au(T + D)” on the previous trading day; and
- (b) the supplier may choose to fix the price of compound gold within three trading days (including the delivery date) after the delivery date based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange during such period. If the supplier does not fix the price within the prescribed period, the purchaser shall settle according to the average price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the first trading day immediately after the price fixing period.

Copper

The settlement amount of copper is calculated based on the average price of copper as quoted on the website of Shanghai Metals Market (上海有色網) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

Silver

The settlement amount of silver is calculated based on the spot price of silver as quoted on the Shanghai Huatong Silver Exchange (上海華通鎊銀交易市場) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

Other major terms

Pursuant to the Shiye Comprehensive Products Framework Agreement, entering into the Shiye Comprehensive Products Framework Agreement does not preclude the parties from selecting counterparties and conducting transactions with them independently.

LETTER FROM THE BOARD

Historical transaction amounts

There is no historical transaction amount with respect to the Shiye Mutual Supply Transactions prior to the entering into of the Shiye Comprehensive Products Framework Agreement.

Proposed annual caps and basis of determination

The proposed annual caps for the Shiye Mutual Supply Transactions for the three years ending 31 December 2026 (i.e. the Shiye Annual Caps) are set out as follows:

	For the year ending 31 December		
	2024	2025	2026
Purchase of gold concentrates and compound gold by the Group from the Jiesi Shiye Group	RMB500,000,000	RMB1,000,000,000	RMB1,000,000,000
Supply of copper and silver by the Group to the Jiesi Shiye Group	RMB50,000,000	RMB100,000,000	RMB100,000,000

The Shiye Annual Caps are determined after arm's length negotiations between the parties:

In respect of purchase of gold concentrates and compound gold, the proposed annuals caps are determined with reference to the following factors:

- (a) the estimated demand and purchase volume of gold concentrates of approximately 11,000, 22,000 and 22,000 tonnes and compound gold of approximately 570, 1,140 and 1,140 kg from the Jiesi Shiye Group for the three years ending 31 December 2026, respectively, with reference to the expected total purchase volume of gold concentrates and compound gold of the Group;
- (b) the recent average market price of gold concentrates of approximately RMB23,000 per tonne and compound gold of approximately RMB440 per gram sourced from independent third-party suppliers of the Group for the eleven months ended 30 November 2023; and
- (c) the expected increase in production utilisation of the Group for gold concentrates and compound gold.

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In respect of supply of copper and silver, the proposed annuals caps are determined with reference to the following factors:

- (a) the estimated sales volume of copper of approximately 600, 1,150 and 1,150 tonnes and silver of approximately 3,000, 6,000 and 6,000 kg to the Jiesi Shiye Group for the three years ending 31 December 2026, respectively, with reference to the expected production volume of the Group;
- (b) the recent average unit sales price of the Group of copper of approximately RMB60,000 per tonne and silver of approximately RMB5,000 per kg for the eleven months ended 30 November 2023; and
- (c) the production capacity of the Group for copper and silver.

(2) Weiye Comprehensive Products Framework Agreement

On 14 December 2023 (after trading hours), the Company and Jiesi Weiye entered into the Weiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Weiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Weiye Group from time to time for a period commencing from the effective date of the Weiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

The principal terms of the Weiye Comprehensive Products Framework Agreement are set out as follows:

Date

14 December 2023

Parties

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) Jiesi Weiye (for itself and on behalf of its subsidiaries, but excluding the members of the Group)

Subject matter

Pursuant to the Weiye Comprehensive Products Framework Agreement, (i) the Jiesi Weiye Group (as supplier) shall supply gold concentrates and compound gold to the Group (as purchaser); and (ii) the Group (as supplier) shall supply copper and silver to the Jiesi Weiye Group (as purchaser) (collectively, the “**Weiye Mutual Supply Transactions**”).

LETTER FROM THE BOARD

The Company and Jiesi Weiye may enter into separate agreements or place purchase orders to set out specific terms and conditions (e.g. price, quantity, date of delivery and payment terms) in relation to the supply of products in accordance with the terms and conditions of the Weiye Comprehensive Products Framework Agreement.

Term

The Weiye Comprehensive Products Framework Agreement shall become effective upon obtaining Independent Shareholders' approval at the EGM and end on 31 December 2026.

Subject to compliance with the requirements under the Listing Rules and all other applicable laws and regulations, the term of the Weiye Comprehensive Products Framework Agreement can be renewed and extended for a successive period of three years upon its expiry by mutual consent of the parties thereto.

Pricing policy

As a general principle, the price of products under the Weiye Comprehensive Products Framework Agreement will be negotiated on an arm's length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms which are no less favourable to the Company than those offered to, or quoted by, Independent Third Parties.

The specific pricing methodologies for various products are set out as follows:

Gold concentrates

The price of gold concentrates shall be determined according to the pricing methodology as follows:

- (a) the settlement amount of gold concentrates is calculated based on the spot price as quoted on the Shanghai Gold Exchange (上海黄金交易所) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any); and
- (b) alternatively, the supplier may choose to fix the price of gold concentrates within 30 days after the delivery date based on the spot price as quoted on the Shanghai Gold Exchange during such period. A price fixing agreement shall be entered into on the delivery date. If the supplier does not fix the price within the prescribed period, settlement price will be fixed, and settlement will be made, on the last trading day of the price fixing period.

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Compound gold

The price of compound gold shall be determined according to the pricing methodology as follows:

- (a) the estimated settlement amount of compound gold is calculated for the purpose of making upfront payment based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the delivery date, on-site gross weight and approximate fineness estimated by the Group. If the Shanghai Gold Exchange is closed on the delivery date, the estimated settlement amount will be calculated based on the closing price of “Au(T + D)” on the previous trading day; and
- (b) the supplier may choose to fix the price of compound gold within three trading days (including the delivery date) after the delivery date based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange during such period. If the supplier does not fix the price within the prescribed period, the purchaser shall settle according to the average price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the first trading day immediately after the price fixing period.

Copper

The settlement amount of copper is calculated based on the average price of copper as quoted on the website of Shanghai Metals Market (上海有色網) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

Silver

The settlement amount of silver is calculated based on the spot price of silver as quoted on the Shanghai Huatong Silver Exchange (上海華通鎔銀交易市場) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

Other major terms

Pursuant to the Weiye Comprehensive Products Framework Agreement, entering into the Weiye Comprehensive Products Framework Agreement does not preclude the parties from selecting counterparties and conducting transactions with them independently.

Historical transaction amounts

There is no historical transaction amount with respect to the Weiye Mutual Supply Transactions prior to the entering into of the Weiye Comprehensive Products Framework Agreement.

LETTER FROM THE BOARD

Proposed annual caps and basis of determination

The proposed annual caps for the Weiye Mutual Supply Transactions for the three years ending 31 December 2026 (i.e. the Weiye Annual Caps) are set out as follows:

	For the year ending 31 December		
	2024	2025	2026
Purchase of gold concentrates, compound gold by the Group from the Jiesi Weiye Group	RMB500,000,000	RMB1,000,000,000	RMB1,000,000,000
Supply of copper and silver by the Group to the Jiesi Weiye Group	RMB50,000,000	RMB100,000,000	RMB100,000,000

The Weiye Annual Caps are determined after arm's length negotiations between the parties:

In respect of purchase of gold concentrates and compound gold, the proposed annuals caps are determined with reference to the following factors:

- (a) the estimated demand and purchase volume of gold concentrates of approximately 11,000, 22,000 and 22,000 tonnes and compound gold of approximately 570, 1,140 and 1,140 kg from the Jiesi Weiye Group for the three years ending 31 December 2026, respectively, with reference to the expected total purchase volume of gold concentrates and compound gold of the Group;
- (b) the recent average market price of gold concentrates of approximately RMB23,000 per tonne and compound gold of approximately RMB440 per gram sourced from independent third-party suppliers of the Group for the eleven months ended 30 November 2023; and
- (c) the expected increase in production utilisation of the Group for gold concentrates and compound gold.

In respect of supply of copper and silver, the proposed annuals caps are determined with reference to the following factors:

- (a) the estimated sales volume of copper of approximately 600, 1,150 and 1,150 tonnes and silver of approximately 3,000, 6,000 and 6,000 kg to the Jiesi Weiye Group for the three years ending 31 December 2026, respectively, with reference to the expected production volume of the Group; and
- (b) the recent average unit sales price of the Group of copper of approximately RMB60,000 per tonne and silver of approximately RMB5,000 per kg for the eleven months ended 30 November 2023; and

LETTER FROM THE BOARD

(c) the production capacity of the Group for copper and silver.

Reasons for and benefits of entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement

The Group is principally engaged in the businesses of mining, processing, smelting and sales of gold and other metallic products in the PRC. Historically, the Group has long been selling copper and silver (which are the by-products of gold production) to independent third parties. The Directors are of the view that the entering into of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement for the sale of copper and silver by the Group to the Jiesi Shiye Group and the Jiesi Weiye Group, respectively will be contributive to the Group's business performance as a source of recurring income.

With the increasingly intense market competition for high-quality raw materials for processing and smelting of gold (i.e. gold concentrates and compound gold) and the production capacity of the gold mines of the Group, the Group has been experiencing greater pressure in procuring sufficient supply of raw materials to meet the increasing demand from its customers. As such, it is the strategic plan of the Group to diversify its procurement channels for raw materials to better cope with the challenges in the industry.

Both Jiesi Shiye and Jiesi Weiye are under the control of Mr. Wang Guanran. The management team of the Jiesi Shiye Group and the Jiesi Weiye Group has substantial industry experience in the commodities sourcing business. The Jiesi Shiye Group and the Jiesi Weiye Group have multiple PRC and overseas offices, such as Hong Kong and Singapore and diversified procurement channels of gold raw materials. Moreover, the Jiesi Shiye Group and the Jiesi Weiye Group have teams of experienced and professional talents who are specialised in the gold smelting business and procurement business in the PRC and overseas countries. The Group is expected to benefit from the expertise of the management team of the Jiesi Shiye Group and the Jiesi Weiye Group to obtain better transaction terms and quality of gold concentrates and compound gold, thereby reducing the risk exposure of the Company and maximising the interests of the Company.

In respect of the entering into of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement, the Directors are of the view that the procurement of gold concentrates and compound gold from the Jiesi Shiye Group and the Jiesi Weiye Group can (i) leverage on the professional expertise and industry experience of the Jiesi Shiye Group and the Jiesi Weiye Group in the provision of raw materials for the gold smelting business; and (ii) secure a source of quality gold raw materials for the Group to capture the increasing demand from its customers.

In light of the above, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser, but excluding Mr. Wu Liming and Mr. Wang Guanran who have material interest in the Framework Agreements and have abstained from voting on the relevant resolutions of the Board) are of the view that (i) the terms of each of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and Weiye Annual Caps) are on normal commercial terms and fair and reasonable;

LETTER FROM THE BOARD

and (ii) the Shiye Mutual Supply Transactions and the Weiye Mutual Supply Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the Shiye Mutual Supply Transactions and Weiye Mutual Supply Transactions will be conducted on normal commercial terms and in accordance with the respective framework agreement, the Company has adopted the following internal control measures:

- (i) the procurement department of the Company is responsible for maintaining a list of suppliers of gold concentrates and compound gold and gathering information from time to time regarding the market prices and other transaction terms offered by the independent third-party suppliers through various channels, including but not limited to, independent industry websites with public market data and discussions with third-party industry players;
- (ii) the procurement department of the Company is also responsible for screening the quality of gold concentrates and compound gold from time to time and review the Group's list of suppliers and source from alternative suppliers depending on the quality of products offered, the suppliers' availability and the terms and conditions of such order(s) in order to ensure the Group's product quality;
- (iii) the sale department of the Company is responsible for timely monitoring the market prices and the transaction terms from recent sale records to ensure that the terms offered by the Group to the Jiesi Shiye Group and the Jiesi Weiye Group are no more favorable than the terms available to Independent Third Parties;
- (iv) the finance department of the Company regularly monitors the actual amounts for each type of the continuing connected transactions incurred on a monthly basis to ensure the respective annual caps are not exceeded and report to the Directors and management of the Group;
- (v) the internal audit department and compliance affairs department of the Company are responsible to monitor the continuing connected transactions on a monthly basis to ensure (a) the Company and the connected parties have fulfilled the terms of the agreements in relation to such continuing connected transactions during the relevant month; and (b) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected parties are within the respective annual caps approved by the Shareholders and report to the Directors and management of the Group;
- (vi) the Board conducts regular review on the execution of the continuing connected transactions, and reviews the financial statements of the Group which include the disclosure of the continuing connected transactions on a semi-annual basis. The review mainly includes a review on whether the Company and the connected parties have fulfilled the terms of the agreements in relation to continuing

LETTER FROM THE BOARD

connected transactions, and whether the actual transaction amounts between the Company and the connected persons are within the respective annual caps approved by the Shareholders;

- (vii) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the connected transactions agreements are in the Group's ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no less favourable to the Group than prices and terms offered by the Group to independent third parties on an annual basis;
- (viii) the auditors of the Company will review the pricing and terms of the transactions contemplated under the connected transaction agreements and the respective annual caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis; and
- (ix) the audit committee of the Company conducts review of the annual financial statements and annual report which include the disclosure the implementation of the continuing connected transactions, including whether the terms of the continuing connected transactions are fair and reasonable and whether the transaction amounts are within the relevant annual cap.

INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3330). The Group is principally engaged in the businesses of mining, processing, smelting and sales of gold and other metallic products in the PRC.

Jiesi Shiye

Jiesi Shiye is a joint stock company incorporated in the PRC with limited liability in 2023. As at the Latest Practicable Date, Jiesi Shiye is indirectly wholly-owned by Mr. Wang Guanran. Jiesi Shiye is principally engaged in resource recycling technology, energy storage technology services, energy recovery system research and development, battery spare parts sales, battery manufacturing and sales, photovoltaic equipment and component sales, electrical equipment repair and sales, information consulting services, network and information security software development, sales and manufacturing of intelligent instruments and meters, sales and manufacturing of electrical accessories, sales of high-performance nonferrous metals and alloy materials, sales and manufacturing of nonferrous metal alloys, sales of metal ores, smelting of commonly used nonferrous metals, sales and manufacturing of metal chains and other metal products, and smelting of precious metals, sales of gold and silver products, supply chain management services, corporate headquarters management, corporate management consulting, domestic trade agency,

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socioeconomic consulting services, import and export of goods, production of electromagnetic spare parts, import and export of gold and its products, import and export of silver, metal scrap and chip processing, etc.

Jiesi Weiye

Jiesi Weiye is a joint stock company incorporated in the PRC with limited liability in 2015. As at the Latest Practicable Date, Jiesi Weiye is owned as to (i) approximately 65.68% by Mr. Wang Guanran; (ii) approximately 4.91% by two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively; and (iii) approximately 29.41% by Nanning Ningxin Lithium Battery Advanced Materials Industry Fund Partnership (Limited Partnership)* (南寧市寧鑫鋰電先進材料產業基金合夥企業(有限合夥)), a limited partnership company established in the PRC, whose partnership interest is held as to 20%, 20%, 20%, 20%, 10%, 9.96% and 0.04% by Nanning Green Environmental Protection High Quality Fund* (南寧綠色環保高質量基金), Nanning Mixed High Quality Fund* (南寧交融高質量基金), Nanning Urban Development Fund* (南寧城市發展基金), Nanning Rail High Quality Fund* (南寧軌道高質量基金), Nanning Industrial Investment Company* (南寧產投車投公司), Nanning Industrial Fund of Funds* (南寧產業母基金) and Hechuang Private Equity Fund* (合創私募基金), respectively. To the best knowledge of the Directors, the ultimate beneficial owners of the aforementioned limited partnerships are Independent Third Parties. Jiesi Weiye is principally engaged in investment activities and the provision of advisory services in relation to corporate management and information technology; sales of gold and silver products; and import and export of gold and silver products.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Jiesi Shiye and Jiesi Weiye are indirectly owned as to 100% and approximately 65.68% by Mr. Wang Guanran, a non-executive Director, respectively. Therefore, Jiesi Shiye and Jiesi Weiye are the associates of Mr. Wang Guanran and thus are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(1) Shiye Comprehensive Products Framework Agreement

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Shiye Annual Caps on an aggregated basis exceed 5% and the annual consideration is more than HK\$10,000,000, the Shiye Mutual Supply Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(2) Weiye Comprehensive Products Framework Agreement

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Weiye Annual Caps on an aggregated basis exceed 5% and the annual consideration is more than HK\$10,000,000, the Weiye Mutual Supply Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Mr. Wu Liming, an executive Director, and Mr. Wang Guanran, a non-executive Director, have material interest in the Framework Agreements and the transactions contemplated thereunder by virtue of their interests and/or directorship in Jiesi Shiye and Jiesi Weiye, they have abstained from voting on the relevant Board resolutions approving the Framework Agreements and the transactions contemplated thereunder (including the Shiye Annual Caps and the Weiye Annual Caps). Save as disclosed above, none of the other Directors has any material interest in the Framework Agreements and accordingly none of them was required to abstain from voting on the relevant Board resolutions.

Jiesi Shiye is indirectly wholly-owned by Mr. Wang Guanran. Jiesi Weiye is controlled by Mr. Wang Guanran as to approximately 65.68%. D&R Asset Management is a controlling Shareholder directly holding 185,339,000 Domestic Shares and indirectly holding 319,772,164 H Shares, representing an aggregate of approximately 42.7% of the issued share capital of the Company as at the Latest Practicable Date. D&R Asset Management is owned as to approximately 56.28% by Jiesi Weiye; approximately 5.79% by Mr. Wang Guanran; and approximately 37.93% by a group of minority shareholder, none of whom individually owns more than 10% equity interest in D&R Asset Management. As such, Mr. Wang Guanran and his associates (including D&R Asset Management) are required to abstain from voting on the relevant resolutions approving the Framework Agreements, the Shiye Annual Caps, the Weiye Annual Caps and the transactions respectively contemplated thereunder at the EGM.

Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Framework Agreements and the transactions respectively contemplated thereunder and therefore none of the other Shareholders will be required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders as to (i) whether the terms of the Shiye Comprehensive Products Framework Agreement and Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and Weiye Annual Caps) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Please refer to pages 21 to 22 of this circular for the letter from the Independent Board Committee. Octal Capital Limited

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has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard. Please refer to pages 23 to 41 of this circular for the letter from Independent Financial Adviser.

EGM AND POLL PROCEDURE

A notice of the EGM to be held at the office of the Company at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC at 9:00 a.m. on Wednesday, 31 January 2024 is enclosed with this circular. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions set out in the notice of the EGM shall be voted by poll. Votes may be given either personally or by proxy. The results of the poll will be published on the websites of the Stock Exchange and the Company.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy (as applicable) in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. In order to be valid, the proxy form must be deposited by hand or by post to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in the case of holders of H Shares) or to the Company's registered office at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC (in the case of holders of Domestic Shares). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the H Share register of members of the Company will be closed from Friday, 26 January 2024 to Wednesday, 31 January 2024, both days inclusive, during which period no transfer of H Shares will be registered. In order to qualify for attending and voting at the EGM, all H Share transfer documents, together with the relevant share certificates, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 25 January 2024.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 21 to 22 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolutions to approve the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Your attention is also drawn to the letter from the Independent Financial Adviser as set out on pages 23 to 41 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder.

The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser, but excluding Mr. Wu Liming and Mr. Wang Guanran who have material interest in the Framework Agreements and have abstained from voting on the relevant resolutions of the Board) is of the view that the Shiye Mutual Supply Transactions and the Weiye Mutual Supply Transactions are conducted in the ordinary and usual course of business of the Group and that the terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and the Weiye Annual Caps) are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder and the Shiye Annual Caps and the Weiye Annual Caps.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

By order of the Board
Lingbao Gold Group Company Ltd.
Chen Jianzheng
Chairman



LINGJIN

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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

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

(Stock Code: 3330)

12 January 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company dated 12 January 2024 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders in respect of the resolutions to approve the Shiye Comprehensive Products Framework Agreement, the Weiye Comprehensive Products Framework Agreement and the transactions respectively contemplated thereunder (including the Shiye Annual Caps and the Weiye Annual Caps) details of which are set out in the Circular, and to recommend how the Independent Shareholders should vote at the EGM. Octal Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, the letter from the Independent Financial Adviser and the additional information set out in the appendix of the Circular. Having taken into account the advice of, and the principal factors and reasons considered by, the Independent Financial Adviser in relation thereto as stated in its letter, we consider the terms of the Shiye Comprehensive Product Framework Agreement and the Weiye Comprehensive Product Framework Agreement, the Shiye Annual Caps, the Weiye Annual Caps and the transactions respectively contemplated thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; 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 ordinary resolutions to be proposed at the EGM for approving the Shiye Comprehensive

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Product Framework Agreement and the Weiye Comprehensive Product Framework Agreement, the Shiye Annual Caps, the Weiye Annual Caps and the transactions respectively contemplated thereunder.

Yours faithfully

For and on behalf of the Independent Board Committee of
Lingbao Gold Group Company Ltd.

Mr. Wang Guanghua
Independent
non-executive
Director

Mr. Wang Jiheng
Independent
non-executive
Director

Mr. Xu Rong
Independent
non-executive
Director

Mr. Tan Chong Huat
Independent
non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Octal Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



801–805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

12 January 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Shiye Comprehensive Products Framework Agreement and Weiye Comprehensive Products Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 12 January 2024 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 14 December 2023 (after trading hours), the Company and Jiesi Shiye entered into the Shiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Shiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Shiye Group from time to time for a period commencing from the effective date of the Shiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

On 14 December 2023 (after trading hours), the Company and Jiesi Weiye entered into the Weiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Weiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Weiye Group from time to time for a period commencing from the effective date of the Weiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

An independent board committee comprising all of the independent non-executive Directors, namely Mr. Wang Guanghua, Mr. Wang Jiheng, Mr. Xu Rong and Mr. Tan Chong Huat, has been established to advise the Independent Shareholders as to (i) whether the terms of the Shiye Comprehensive Products Framework Agreement and Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and Weiye Annual Caps) are on normal commercial terms and fair and reasonable so far as the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders are concerned; and (ii) whether the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. During the last two years, we were engaged as an independent financial adviser to the Company (the “**Previous Engagements**”) in respect of (i) the connected transaction in relation to the subscription and issuance of H shares of the Company under specific mandate, details of which were stated in the circular of the Company dated 31 December 2021; and (ii) the connected transaction in relation to the extension of validity period of the Shareholders’ resolution and grant of authorization to the designated Director(s) or company secretary(ies) of the Company to handle all matters relating to the subscription and issuance of H shares of the Company under specific mandate, details of which were stated in the circular of the Company dated 4 January 2023. Under the Previous Engagements, we were required to express our opinion on and give recommendation to the independent board committee and the independent shareholders of the Company in respect of the relevant transactions. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Group, Jiesi Shiye, Jiesi Weiye or any of their respective subsidiaries or associates. We are not connected with the directors, chief executive and substantial shareholders of the Group or Jiesi Shiye or Jiesi Waiye or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice, among other things, (i) the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement; (ii) samples of reference documents referred by the Company in determining the Shiye Annual Caps and the Weiye Annual Caps; (iii) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (iv) internal control policies governing the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

continuing connected transactions of the Company; and (v) other information as set out in the Circular. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Jiesi Shiye, Jiesi Weiye and their respective associates, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the transactions contemplated under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and the Weiye Annual Caps), we have considered the following principal factors and reasons:

1. Background Information of the Parties

The Company and the Group

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the businesses of mining, processing, smelting and sales of gold and other metallic products in the PRC.

The Group's mineral resources are scattered in the PRC regions of Henan, Xinjiang, Jiangxi, Inner Mongolia and Gansu, and Kyrgyz Republic with 35 mining and exploration rights in a total area of approximately 240.75 sq. km. The total gold reserves and resources as at 31 December 2022 were approximately 135.079 tonnes. The Company has two operating segments, namely mining segment and smelting segment. The mining segment of the Group mainly refers to the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold produced by the Group were used by the Group's smelting plant. During the year ended 31 December 2022, the Group produced approximately 4,582 kg of gold concentrates and approximately 839 kg of compound gold. The Group produced approximately 2,556 kg of gold concentrates and approximately 368 kg of compound gold during the six months ended 30 June 2023. The smelting segment of the Group refers to the operation of a melting plant situated in Henan Province for processing the gold concentrates and compound gold and sales of gold bullion, silver, copper products and sulphuric acid to the end customers.

The table below summarises the major items of the financial information of the Group for the two years ended 31 December 2021 and 2022 ("FY2021" and "FY2022", respectively) as extracted from the 2022 Annual Report and for the six months ended 30 June 2022 and 2023 ("1H2022" and "1H2023", respectively) as extracted from the 2023 Interim Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	FY2021	FY2022	1H2022	1H2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue from sales of				
— Gold bullion	4,913,037	9,565,030	3,771,773	5,546,828
— Silver	67,211	69,606	17,472	48,324
— Copper products	209,921	230,659	69,114	143,051
— Gold concentrates	130,227	232,145	10,421	91,883
— Sulphuric acid and others	<u>27,481</u>	<u>87,424</u>	<u>35,094</u>	<u>40,139</u>
	5,347,877	10,184,864	3,903,874	5,870,225
Less: Sales taxes and levies	<u>(17,266)</u>	<u>(58,406)</u>	<u>(21,071)</u>	<u>(31,642)</u>
Revenue	5,330,611	10,126,458	3,882,803	5,838,583
Gross profit	587,810	785,101	411,512	355,376
Profit for the year/ period attributable to equity shareholders of the Company	130,026	240,222	179,361	140,352

Source: 2022 Annual Report and 2023 Interim Report

Comparison between FY2021 and FY2022

The revenue before sales taxes and levies of the Group for FY2022 was mainly generated from the sales of gold bullion amounted to approximately RMB9,565 million, representing approximately 93.9% of the total revenue before sales taxes and levies. The total revenue of the Group increased from approximately RMB5,331 million for FY2021 to approximately RMB10,126 million for FY2022, representing an increase of approximately RMB4,795 million or approximately 90.0%. The increase in revenue was mainly attributable to the increase in sale of gold bullion from approximately 13,094 kg for FY2021 to approximately 24,499 kg for FY2022. The increase in sale of gold bullion was mainly due to (i) an increase in the production volume of gold bullion as a result of the Group's efforts to strengthen the production organization of mines, leading to further increase in the production in the mining segment; and (ii) an increase in the production volume of gold bullion (processed from compound gold purchased from external suppliers) in the smelting segment.

The gross profit of the Group increased from approximately RMB588 million for FY2021 to approximately RMB785 million for FY2022, representing an increase of approximately RMB197 million or approximately 33.5%, due to the overall increase of sales volume of gold bullion. The profit attributable to equity shareholders of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company increased from approximately RMB130 million for FY2021 to approximately RMB240 million for FY2022, representing an increase of approximately RMB110 million or 84.7%.

Comparison between 1H2022 and 1H2023

The revenue before sales taxes and levies of the Group for 1H2023 was mainly generated from the sales of gold bullion amounted to approximately RMB5,547 million, representing approximately 94.5% of the total revenue before sales taxes and levies. The total revenue of the Group increased from approximately RMB3,883 million for 1H2022 to approximately RMB5,839 million for 1H2023, representing an increase of approximately RMB1,956 million or approximately 50.4%. The increase in revenue was mainly attributable to the increase in sale of gold bullion from approximately 9,678 kg for 1H2022 to approximately 13,018 kg for 1H2023. The increase in sale of gold bullion was mainly due to the increase in the production volume of gold bullion (processed from compound gold purchased from external suppliers) from approximately 3,622 kg for 1H2022 to approximately 7,740 kg for 1H2023.

The gross profit of the Group decreased from approximately RMB412 million for 1H2022 to approximately RMB355 million for 1H2023, representing a decrease of approximately RMB57 million or approximately 13.8%. Such decrease was mainly due to (i) the write-down of inventories in gold mining and mineral ores processing operations in the Kyrgyz Republic segment; and (ii) the net loss of the smelting segment due to the fluctuation in gold prices of the compound gold purchased from external suppliers. The profit attributable to equity shareholders of the Company decreased from approximately RMB179 million for 1H2022 to approximately RMB140 million for 1H2023, representing a decrease of approximately RMB39 million or 21.8%. The decrease in profit attributable to equity shareholders of the Company was mainly due to the decline in gross profit and the increase in finance costs.

Background of Jiesi Shiye

Jiesi Shiye is a joint stock company incorporated in the PRC with limited liability in 2023. As at the Latest Practicable Date, Jiesi Shiye is indirectly wholly-owned by Mr. Wang Guanran. Jiesi Shiye is principally engaged in resource recycling technology, energy storage technology services, energy recovery system research and development, battery spare parts sales, battery manufacturing and sales, photovoltaic equipment and component sales, electrical equipment repair and sales, information consulting services, network and information security software development, sales and manufacturing of intelligent instruments and meters, sales and manufacturing of electrical accessories, sales of high-performance nonferrous metals and alloy materials, sales and manufacturing of nonferrous metal alloys, sales of metal ores, smelting of commonly used nonferrous metals, sales and manufacturing of metal chains and other metal products, and smelting of precious metals, sales of gold and silver products, supply chain management services, corporate headquarters management, corporate management consulting, domestic trade agency, socioeconomic consulting services,

import and export of goods, production of electromagnetic spare parts, import and export of gold and its products, import and export of silver, metal scrap and chip processing, etc.

Background of Jiesi Weiye

Jiesi Weiye is a joint stock company incorporated in the PRC with limited liability in 2015. As at the Latest Practicable Date, Jiesi Weiye is owned as to (i) approximately 65.68% by Mr. Wang Guanran; (ii) approximately 4.91% by two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively; and (iii) approximately 29.41% by Nanning Ningxin Lithium Battery Advanced Materials Industry Fund Partnership (Limited Partnership)* (南寧市寧鑫鋰電先進材料產業基金合夥企業(有限合夥)), a limited partnership company established in the PRC, whose partnership interest is held as to 20%, 20%, 20%, 20%, 10%, 9.96% and 0.04% by Nanning Green Environmental Protection High Quality Fund* (南寧綠色環保高質量基金), Nanning Mixed High Quality Fund* (南寧交融高質量基金), Nanning Urban Development Fund* (南寧城市發展基金), Nanning Rail High Quality Fund* (南寧軌道高質量基金), Nanning Industrial Investment Company* (南寧產投車投公司), Nanning Industrial Fund of Funds* (南寧產業母基金) and Hechuang Private Equity Fund* (合創私募基金), respectively. To the best knowledge of the Directors, the ultimate beneficial owners of the aforementioned limited partnerships are Independent Third Parties. Jiesi Weiye is principally engaged in investment activities and the provision of advisory services in relation to corporate management and information technology, sales of gold and silver products; and import and export of gold and silver products.

2. Reasons for and Benefits of Entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement

With the increasingly intense market competition for high-quality raw materials for processing and smelting of gold (i.e. gold concentrates and compound gold) (the “**Raw Materials**”) and the production capacity of the gold mines of the Group, the Group has been experiencing greater pressure in procuring sufficient supply of Raw Materials in high quality and on a timely basis to meet the increasing demand of its customers. According to the information published by the China Gold Association, the domestic gold production in the PRC amounted to approximately 179 tonnes in the first half of 2023, representing an increase of approximately 2.2% as compared to the same period in 2022. However, the domestic gold consumption reached approximately 555 tonnes in the first half of 2023, representing a growth of approximately 16.4% as compared to the same period in 2022. The substantial increase in gold consumption has far exceeded the growth in gold production, resulting in intensifying competition in Raw Materials procurement market. With demand outpacing supply, the Group has facing heightened pressure to secure sufficient Raw Materials to meet the rising market demand. As disclosed in the 2022 Annual Report, the Group’s mining segment self-produced approximately 5,421 kg of Raw Materials for FY2022, representing an increase of approximately 25.0% as compared to that for FY2021, while the Group’s smelting segment produced approximately 24,353 kg of gold bullion, representing an increase of approximately 83.8% as compared to FY2021. Based on the

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historical procurement record of Raw Materials of the Group, the self-produced Raw Materials accounted for approximately 30% of the total procurement volume of Raw Materials of the Group. Therefore, the volume of the self-produced Raw Materials was insufficient to support the Group's production of gold bullion to meet the customers' demand. The Group procured Raw Materials mostly from Henan, Xinjiang and Inner Mongolia. The mining industry in the PRC is subject to more strict regulations in particular in the environmental protection and pollution regulation. The State Council Information Office released a white paper on "China's Green Development in the New Era" (《新時代的中國綠色發展》白皮書) on 19 January 2023 which mentioned the PRC government aims to strive for carbon peak by 2030 and make efforts to achieve carbon neutrality by 2060. On 13 June 2022, the Henan government published "Notice of the Henan Provincial Department of Natural Resources, Henan Provincial Department of Ecology and Environment, and Henan Provincial Department of Emergency Management on Strengthening the Management of Open-pit Mines" (《河南省自然資源廳、河南省生態環境廳、河南省應急管理廳關於加強露天礦山管理工作的通知》) and such notice emphasized that the local authority needs to strengthen the management and supervision of open-pit mining operations, as well as enhance ecological and environmental protection and safety measures. In view of the growing concern of the government in relation to the environmental issues, the Directors have been foreseeing that the environmental protection and safety policies will become more stringent, leading to a gradual increase in the mining costs of the Company. Thus, the Company considers to diversify the procurement strategies by exploring procurement channels in the overseas markets in order to mitigate the risks, stabilise the costs and adapt to the changing business landscape while remaining committed to environmental sustainability. The Jiesi Shiye Group and the Jiesi Weiye Group have multiple offices located in the PRC and overseas, such as Hong Kong and Singapore which could procure Raw Materials from suppliers located in the PRC and overseas. As advised by the management of the Company, the Group's Raw Materials are mainly purchased from the suppliers in the PRC and the management of the Company have business network and connections with the local mine owners and mine operators. However, the Group has limited overseas procurement network of Raw Materials and has been lack of professional staff with experience to discuss and negotiate with overseas suppliers. The Group is not familiar with the mining operation and the mineral procurement practice in the overseas market. Entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement not only broader the supply channels of Raw Materials, but also provide an opportunity for the Group to establish the procurement network with the overseas suppliers.

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Moreover, the management team of the Jiesi Shiye Group and the Jiesi Weiye Group has substantial industry experience in the commodities sourcing business with experienced and professional talents who are specialised in the gold smelting business and procurement of commodities in the PRC and overseas countries. As advised by the management of the Company, the Jiesi Shiye Group and the Jiesi Weiye Group have a procurement team with around 19 people based in Shanghai, Shenzhen, Hong Kong and Singapore who are responsible for local and international procurement of Raw Materials and market research in relation to the global commodity market. The Company expects to leverage on the expertise of the management team of the Jiesi Shiye Group and the Jiesi Weiye Group to expand its procurement network in the PRC and overseas market.

On the other hand, the Group sells the by-products of the smelting segment such as silver and copper. By entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement, the Jiesi Shiye Group and the Jiesi Weiye Group serve as additional sales channels for these by-products. The Group could expand its sales coverage to the overseas market through the sales network of the Jiesi Shiye Group and the Jiesi Weiye Group.

Having considered the above, we concur with the Directors that entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are in the ordinary and usual course of business of the Group and is commercially reasonable.

3. Principal Terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement

The principal terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are summarised below:

Date:

14 December 2023

Parties of the Shiye Comprehensive Products Framework Agreement:

- (a) The Company (for itself and on behalf of its subsidiaries); and
- (b) Jiesi Shiye (for itself and on behalf of its subsidiaries)

Parties of the Weiye Comprehensive Products Framework Agreement:

- (a) The Company (for itself and on behalf of its subsidiaries); and
- (b) Jiesi Weiye (for itself and on behalf of its subsidiaries, but excluding the members of the Group)

Subject matter of the Shiye Comprehensive Products Framework Agreement:

Pursuant to the Shiye Comprehensive Products Framework Agreement, (i) the Jiesi Shiye Group (as supplier) shall supply gold concentrates and compound gold to the Group (as purchaser); and (ii) the Group (as supplier) shall supply copper and silver to the Jiesi Shiye Group (as purchaser) (collectively, the “**Shiye Mutual Supply Transactions**”).

The Company and Jiesi Shiye may enter into separate agreements or place purchase orders to set out specific terms and conditions (e.g. price, quantity, date of delivery and payment terms) in relation to the supply of products in accordance with the terms and conditions of the Shiye Comprehensive Products Framework Agreement.

Subject matter of the Weiye Comprehensive Products Framework Agreement:

Pursuant to the Weiye Comprehensive Products Framework Agreement, (i) the Jiesi Weiye Group (as supplier) shall supply gold concentrates and compound gold to the Group (as purchaser); and (ii) the Group (as supplier) shall supply copper and silver to the Jiesi Weiye Group (as purchaser) (collectively, the “**Weiye Mutual Supply Transactions**”).

The Company and Jiesi Weiye may enter into separate agreements or place purchase orders to set out specific terms and conditions (e.g. price, quantity, date of delivery and payment terms) in relation to the supply of products in accordance with the terms and conditions of the Weiye Comprehensive Products Framework Agreement.

Term:

The Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement shall become effective upon obtaining Independent Shareholders’ approval at the EGM and end on 31 December 2026.

Pricing policy:

As a general principle, the price of products under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement will be negotiated on an arm’s length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms which are no less favourable to the Company than those offered to, or quoted by, Independent Third Parties.

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The specific pricing methodologies for various products are set out as follows:

Gold concentrates

The price of gold concentrates shall be determined according to the pricing methodology as follows:

- (a) the settlement amount of gold concentrates is calculated based on the spot price as quoted on the Shanghai Gold Exchange (上海黄金交易所) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any); and
- (b) alternatively, the supplier may choose to fix the price of gold concentrates within 30 days after the delivery date based on the spot price as quoted on the Shanghai Gold Exchange during such period. A price fixing agreement shall be entered into on the delivery date. If the supplier does not fix the price within the prescribed period, settlement price will be fixed, and settlement will be made, on the last trading day of the price fixing period.

Compound gold

The price of compound gold shall be determined according to the pricing methodology as follows:

- (a) the estimated settlement amount of compound gold is calculated for the purpose of making upfront payment based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the delivery date, on-site gross weight and approximate fineness estimated by the Group. If the Shanghai Gold Exchange is closed on the delivery date, the estimated settlement amount will be calculated based on the closing price of “Au(T + D)” on the previous trading day; and
- (b) the supplier may choose to fix the price of compound gold within three trading days (including the delivery date) after the delivery date based on the spot price of “Au(T + D)” as quoted on the Shanghai Gold Exchange during such period. If the supplier does not fix the price within the prescribed period, the purchaser shall settle according to the average price of “Au(T + D)” as quoted on the Shanghai Gold Exchange on the first trading day immediately after the price fixing period.

Copper

The settlement amount of copper is calculated based on the average price of copper as quoted on the website of Shanghai Metals Market (上海有色網) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

Silver

The settlement amount of silver is calculated based on the spot price of silver as quoted on the Shanghai Huatong Silver Exchange (上海華通鉑銀交易市場) on the delivery date multiplied by the quantity and the corresponding recovery rate and further deducting relevant processing fees and other fees (if any).

For further details of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement, please refer to the Letter from the Board.

We have obtained and reviewed the procurement contracts with the top 3 gold concentrates suppliers, compound gold suppliers and the sales contracts with top 3 copper customers and silver customers entered into during the year ended 31 December 2023. We noted that the Group has adopted a similar pricing mechanism with its suppliers and customers as outlined in the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement. Thus, we considered that the pricing policy under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement is fair and reasonable to govern the transactions between the Group and the Jiesi Shiye Group and the Jiesi Weiye Group.

4. Shiye Annual Caps and the Weiye Annual Caps

As disclosed in the Letter from the Board, for three years ending 31 December 2026 (the “**Review Period**”), the Shiye Annual Caps are comprised of the purchase amount of gold concentrates and compound gold by the Group from the Jiesi Shiye Group and the supply amount of copper and silver by the Group to the Jiesi Shiye Group; and the Weiye Annual Caps are comprised of the purchase amount of gold concentrates and compound gold by the Group from the Jiesi Weiye Group and the supply amount of copper and silver by the Group to the Jiesi Weiye Group.

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The following table summarizes the purchase amount of gold concentrates and compound gold by the Group from the Jiesi Shiye Group and the Jiesi Weiye Group (the “**Raw Material Purchase Caps**”) and the supply amount of copper and silver by the Group to the Jiesi Shiye Group and the Jiesi Weiye Group (the “**Metal Supply Caps**”) are as follow:

	Years ending 31 December		
	2024	2025	2026
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Gold concentrates to be purchased by the Group from			
— Jiesi Shiye Group	250,000,000	500,000,000	500,000,000
— Jiesi Weiye Group	<u>250,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Sub-total	<u>500,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Compound gold to be purchased by the Group from			
— Jiesi Shiye Group	250,000,000	500,000,000	500,000,000
— Jiesi Weiye Group	<u>250,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Sub-total	<u>500,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Raw Material Purchase Caps	<u>1,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Silver and Copper to be sold by the Group to			
— Jiesi Shiye Group	50,000,000	100,000,000	100,000,000
— Jiesi Weiye Group	<u>50,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Metal Supply Caps	<u>100,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>

As disclosed in the Letter from the Board, the Raw Material Purchase Caps were derived from (i) the estimated demand and purchase volume of gold concentrates and compound gold from the Jiesi Shiye Group and the Jiesi Weiye Group for each of the three years ending 31 December 2026, respectively; (ii) the recent average market price of gold concentrates and compound gold sourced from independent third-party suppliers of the Group; and (iii) the expected increase in production utilisation of the Group for gold concentrates and compound gold. The Metal Supply Caps were derived from (i) the estimated sales volume of copper and silver to the Jiesi Shiye Group and the Jiesi Weiye Group for each of the three years ending 31 December 2026 with reference to the expected production volume of the Group; (ii) the recent average unit sales price of the Group of copper and silver; and (iii) the production capacity of the Group for copper and silver.

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To assess the fairness and reasonableness of the Shiye Annual Caps and the Weiye Annual Caps, we have discussed with the management of the Company regarding their basis of determination of the Shiye Annual Caps and the Weiye Annual Caps and reviewed the relevant calculation breakdown for the Review Period (the “**Calculation Breakdown**”), we noted that, the Calculation Breakdown contains (i) the estimated unit cost of gold concentrates and compound gold; (ii) the estimated purchase volume of gold concentrates and compound gold; (iii) the estimated unit price of silver and copper; and (iv) the estimated sale volume of silver and copper, details of which are presented as follows:

Raw Material Purchase Caps

Based on our review on the Calculation Breakdown, we noted that the Raw Material Purchase Caps are determined based on the estimated unit cost of gold concentrates and compound gold and the estimated purchase volume of gold concentrates and compound gold during the Review Period.

For the estimated unit cost of gold concentrates and compound gold for the Review Period, we noted that the management of the Company made reference to the average unit cost of gold concentrates and compound gold purchased from the suppliers for the 11 months ended 30 November 2023 (“**11M2023**”). We have obtained the actual purchase volume and purchase cost of gold concentrates and compound gold for the 11M2023 and noted that the average cost for compound gold was approximately RMB440 per gram and the average cost for gold concentrates was approximately RMB23,000 per tonne which is in line with the estimated unit cost of gold concentrates and compound gold adopted in the Calculation Breakdown.

For the estimated purchase volume of gold concentrates and compound gold from the Jiesi Shiye Group and the Jiesi Weiye Group, the management of the Company has made reference to (i) the total estimated purchase volume of Raw Materials of the Group for the Review Period; (ii) the historical purchase volume of the Group; and (iii) the background of the Jiesi Shiye Group and the Jiesi Weiye Group in the PRC and overseas. We noted that the management of the Company estimates to purchase (i) approximately 220,000 tonnes of gold concentrates and 10,000 kg of compound gold for the year ending 31 December 2024 with reference to annualised purchase volume of compound gold for 11M2023; and (ii) approximately 250,000 tonnes of gold concentrates and 13,000 kg of compound gold for each of the years ending 31 December 2025 and 2026 with reference to the actual purchase volume of compound gold for FY2022. We have obtained the historical purchase volume of gold concentrates and compound gold for FY2022 and 11M2023 and noted that the Group purchased approximately 250,000 tonnes of gold concentrates and 13,000 kg of compound gold for FY2022 and approximately 200,000 tonnes of gold concentrates (representing an annualised purchase volume of approximately 220,000 tonnes) and 9,000 kg of compound gold (representing an annualised purchase volume of approximately 10,000 kg) for the 11M2023. As advised by the management of the Company, the decrease in purchase volume of gold concentrates and compound gold during 11M2023 as compared to FY2022 was mainly due to the difficulties faced by the Group in sourcing qualified gold concentrates and compound gold. The introduction of the Jiesi Shiye Group and the Jiesi Weiye Group as suppliers of gold concentrates

and compound gold would offer an additional supply channel of Raw Materials for the Group. Taking into consideration the aforementioned factors and the initial collaboration with the Jiesi Shiye Group and the Jiesi Weiye Group, the management of the Company estimated that the purchase volume of gold concentrates and compound gold for the year ending 31 December 2024 would be similar to that for 11M2023. Moreover, as a result of the continued cooperation with the Jiesi Shiye Group and the Jiesi Weiye Group, as well as the ongoing effort of the Group to cooperate with new qualified suppliers, the purchase volume of gold concentrates and compound gold for each of the years ending 31 December 2025 and 2026 are expected to return to a level similar to those in the FY2022. We noted from the Calculation Breakdown that approximately 22,000 tonnes of gold concentrates and approximately 1,140 kg of compound gold will be purchased from the Jiesi Shiye Group and the Jiesi Weiye Group for the year ending 31 December 2024. As advised by the management of the Company, both the Jiesi Shiye Group and the Jiesi Weiye Group have offices in Hong Kong and Singapore and a team of experienced staff with knowledge and experience in the international commodity market and they can assist the Group to source Raw Materials from the overseas market. As discussed above, the Group's self-produced Raw Materials are not sufficient to meet the customers' demand in gold bullion and the domestic mining cost may be further increased due to the stringent environment regulations imposed by the PRC Government. There is a need to diversify product sourcing out of the PRC. Having considered the international sourcing ability of the Jiesi Shiye Group and the Jiesi Weiye Group and assuming that (i) gold concentrates and compound gold supplied by the Jiesi Shiye Group and the Jiesi Weiye Group have satisfied with the Group's quality control; (ii) the delivery of Raw Materials by the Jiesi Shiye Group and the Jiesi Weiye Group could be made on a timely basis; (iii) the Jiesi Shiye Group and the Jiesi Weiye Group are cooperative to handle the Group's enquiries and closely monitor the procurement process; and (iv) the terms of the transactions are no less favourable than the Independent Third Parties suppliers, the management of the Company estimated the purchase volume of gold concentrates and compound gold from the Jiesi Shiye Group and the Jiesi Weiye Group for the years ending 31 December 2025 and 2026 will be further increased to approximately 44,000 tonnes and 2,280 kg, respectively.

The Shiye Comprehensive Products Framework Agreement and Weiye Comprehensive Products Framework Agreement are non-exclusive supply agreements, which provide an alternative source for the Group in procuring Raw Materials without procurement obligation. We are advised by the management of the Company that given the Group has all along maintained a diversified list of suppliers, the Group has the flexibility to source Raw Materials from other independent suppliers at anytime as long as the prices and terms offered by independent suppliers are more favorable than those offered by the Jiesi Shiye Group and the Jiesi Weiye Group. We checked the Group's supplier list and noted that there are over 130 qualified suppliers for Raw Materials. The Directors believe that the purchase arrangement with the Jiesi Shiye Group and the Jiesi Weiye Group not only provide an alternative source of Raw Materials but also an opportunity for the Group to connect with suppliers outside the PRC market.

Metal Supply Caps

Based on our review on the Calculation Breakdown, we noted that the Metal Supply Caps was determined based on the estimated unit price of silver and copper and the estimated sale volume of gold, silver and copper during the Review Period.

For the estimated unit price of silver and copper, we noted that the management of the Company has adopted the average unit price for 11M2023. We have obtained the actual sale volume and unit price of silver and copper for the 11M2023 and noted that the average unit price for silver was approximately RMB5,000 per kg and the average unit price for copper was approximately RMB60,000 per tonne which is in line with the estimated unit price of silver and copper adopted in the Calculation Breakdown.

For the estimated sale volume of silver and copper for the year ending 31 December 2024, the management of the Company has made reference to the historical sale volume of silver and copper for 11M2023. We noted that the total sale volume of silver was approximately 18,000 kg for 11M2023 and the estimated annualised sale volume is approximately 20,000 kg. The total sale volume of copper was approximately 3,500 tonnes for 11M2023 and the estimated annualised sale volume is approximately 3,800 tonnes. The estimated annualised sale volume of silver and copper for 11M2023 are in line with the estimated sale volume adopted in the Calculation Breakdown for the year ending 31 December 2024. As silver and copper are the by-products generated from the gold smelting process of gold concentrates, the production volume of silver and copper is closely related to the processing volume of gold concentrates. As the estimated purchase volume of gold concentrates of the Group increased from approximately 220,000 tonnes for the year ending 31 December 2024 to approximately 250,000 tonnes for the year ending 31 December 2025 and 2026, the sale volume of silver and copper of the Group increased proportionally. The estimated sale volume of silver of the Group for the year ending 31 December 2025 and 2026 were approximately 23,000 kg while the estimated sale volume of copper of the Group for the years ending 31 December 2025 and 2026 were approximately 4,300 tonnes.

Based on the Calculation Breakdown, we noted that the management of the Company estimated approximately 3,000 kg, 6,000 kg and 6,000 kg of silver will be sold to each of the Jiesi Shiye Group and Jiesi Weiye Group for the three years ending 31 December 2026, respectively. The management of the Company estimated approximately 600 tonnes, 1,150 tonnes and 1,150 tonnes of copper will be sold to each of the Jiesi Shiye Group and Jiesi Weiye Group for the three years ending 31 December 2026, respectively. The revenue from the sale of silver and copper accounted for not more than 5% of the total revenue of the Group. The Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are non-exclusive and merely provide the Group with an additional sales channel for the by-products in the PRC and overseas market.

Having considered that (i) the estimated purchase cost of gold concentrates and compound gold are in line with the average purchase cost of the Group for 11M2023; (ii) the estimated purchase volume of gold concentrates and compound gold have made reference to historical purchase volume; (iii) the estimated unit price of silver and copper are in line with the average unit sales price of the Group for 11M2023; (iv) the estimated sale volume of silver and copper have made reference to the historical sale volume and closely related to the processing volume of gold concentrates; (v) the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are non-exclusive and merely provide the Group an additional supply channel of Raw Materials and sales channel for the by-products in the PRC and overseas market, we are of the view that the Shiye Annual Caps and the Weiye Annual Caps are fair and reasonable.

5. Internal Control Measures Governing the Transactions under the Framework Agreements

As set out in the Letter from the Board, the Company will adopt the following internal control measures to regulate the Shiye Mutual Supply Transactions and the Weiye Mutual Supply Transactions:

- (i) the procurement department of the Company is responsible for maintaining a list of suppliers of gold concentrates and compound gold and gathering information from time to time regarding the market prices and other transaction terms offered by the independent third-party suppliers through various channels, including but not limited to, independent industry websites with public market data and discussions with third-party industry players;
- (ii) the procurement department of the Company is also responsible for screening the quality of gold concentrates and compound gold from time to time and review the Group's list of suppliers and source from alternative suppliers depending on the quality of products offered, the suppliers' availability and the terms and conditions of such order(s) in order to ensure the Group's product quality;
- (iii) the sale department of the Company is responsible for timely monitoring the market prices and the transaction terms from recent sale records to ensure that the terms offered by the Group to the Jiesi Shiye Group and the Jiesi Weiye Group are no more favorable than the terms available to Independent Third Parties;
- (iv) the finance department of the Company regularly monitors the actual amounts for each type of the continuing connected transactions incurred on a monthly basis to ensure the respective annual caps are not exceeded and report to the Directors and management of the Group;

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- (v) the internal audit department and compliance affairs department of the Company are responsible to monitor the continuing connected transactions on a monthly basis to ensure (a) the Company and the connected parties have fulfilled the terms of the agreements in relation to such continuing connected transactions during the relevant month; and (b) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected parties are within the respective annual caps approved by the Shareholders and report to the Directors and management of the Group;
- (vi) the Board conducts regular review on the execution of the continuing connected transactions, and reviews the financial statements of the Group which include the disclosure of the continuing connected transactions on a semi-annual basis. The review mainly includes a review on whether the Company and the connected parties have fulfilled the terms of the agreements in relation to continuing connected transactions, and whether the actual transaction amounts between the Company and the connected persons are within the respective annual caps approved by the Shareholders;
- (vii) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the connected transactions agreements are in the Group's ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no less favourable to the Group than prices and terms offered by the Group to independent third parties on an annual basis;
- (viii) the auditors of the Company will review the pricing and terms of the transactions contemplated under the connected transaction agreements and the respective annual caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis; and
- (ix) the audit committee of the Company conducts review of the annual financial statements and annual report which include the disclosure of the implementation of the continuing connected transactions, including whether the terms of the continuing connected transactions are fair and reasonable and whether the transaction amounts are within the relevant annual cap.

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For the purpose of evaluating the effectiveness of internal control measures are in place to monitor the transactions under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement, we have discussed with the management of the Company and understood that the procurement department of the Company is responsible for maintaining a list of suppliers of Raw Materials and screening the quality of Raw Materials to ensure the Raw Materials supplied by the Jiesi Shiye Group and the Jiesi Weiye Group fulfilling the Group's quality requirements. For each procurement transaction, the procurement department of the Company is responsible for gathering information from independent industry websites with public market data regarding the market prices of the metals to ensure the purchase cost of Raw Materials proposed by the Jiesi Shiye Group and the Jiesi Weiye Group is in line with the market price. For each sale transaction, the sale department of the Company is responsible for monitoring the terms of transactions between the Group, the Jiesi Shiye Group and the Jiesi Weiye Group are no less favorable than those offered to the Independent Third Parties.

The finance department of the Company is responsible to monitor the transaction amounts with the Jiesi Shiye Group and the Jiesi Weiye Group on a monthly basis and notify the management of the Company when the actual transaction amounts are close to the Shiye Annual Caps and the Weiye Annual Caps.

On a monthly basis, the internal audit department and compliance affairs department of the Company are responsible to monitor the transactions between the Group, the Jiesi Shiye Group and the Jiesi Weiye Group to ensure that (i) the transaction with the Jiesi Shiye Group and the Jiesi Weiye Group are in compliance with the terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement; and (ii) the actual transaction with the Jiesi Shiye Group and the Jiesi Weiye Group are within the Shiye Annual Caps and the Weiye Annual Caps.

From an annual review perspective, the Group's auditors will conduct annual review on the transactions contemplated under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement in according to the Listing Rules requirements.

We have obtained and reviewed the Board's minutes and noted that the Board has approved the internal control measures as discussed above.

Given that there is no historical transaction between the Group, the Jiesi Shiye Group and the Jiesi Weiye Group, there is no relevant internal approval document available for our review. In view of the above, we consider that the internal control measures to be adopted by the Group in governing the continuing connected transactions contemplated under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are fairly structured and reasonable. There are clear procedures and hierarchy to monitor that the pricing and transaction terms which are in compliance with the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement.

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RECOMMENDATION

Having considered the above, we are of the opinion that (i) the continuing connected transactions under the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement are in the ordinary and usual course of business of the Group; and (ii) the terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and the Weiye Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM for approving the terms of the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement (including the Shiye Annual Caps and the Weiye Annual Caps).

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung **Wong Wai Leung**
Managing Director *Executive Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Listing Rules and the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible office of Type 9 (asset management) regulated activities. Mr. Wong has accumulated decades of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Director, Supervisor and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors, Supervisors, chief executive of the Company and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or (ii) were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers in Appendix 10 of the Listing Rules;

Directors' interests in the Shares

Name	Position at the Company	Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares	Approximate percentage of the relevant class of Shares
Mr. Wang Guanran (王冠然) (Note 1)	Non-executive Director	Interest of a controlled corporation	185,339,000 (L) Domestic Shares	15.65%	32.69%
Mr. Wang Guanran (王冠然) (Note 2)	Non-executive Director	Interest of a controlled corporation	319,772,164 (L) H Shares	27.01%	51.82%

Notes:

(L): denotes long position

- (1) This represents the interests in 185,339,000 Domestic Shares directly held by D&R Asset Management. D&R Asset Management is majority-owned as to approximately 56.28% by Jiesi Weiye, which in turn is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively. D&R Asset Management is also directly owned as to approximately 5.79% by Mr. Wang Guanran.
- (2) This represents the interests in 319,772,164 H Shares directly held by D&R Asset Management.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors and the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were 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 which he was taken or deemed to have under such provisions of the SFO) or the Model Code.

Positions held by Directors and Supervisors in substantial Shareholder(s)

Except for (i) Mr. Wu Liming, being the director of D&R Asset Management and Jiesi Weiye; and (ii) Mr. Wang Guanran, being the director of D&R Asset Management, none of the Directors or Supervisors is a director or employee of the substantial Shareholder of the Company.

Substantial Shareholders' interests and short positions in Shares or underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors, Supervisors and chief executive of the Company, the interests and short positions of the following persons (other than the Directors, Supervisors or chief executive) in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares held	Approximate percentage of the total issued domestic share capital of the Company	Approximate percentage of the total issued H share capital of the Company	Approximate percentage of the total issued share capital of the Company
D&R Asset Management Group Co., Ltd. (達仁投資管理集團股份有限公司)	Beneficial owner	185,339,000 (L) Domestic Shares	32.69%	—	15.65%

Name of shareholder	Nature of interest	Number of Shares held	Approximate percentage of the total issued domestic share capital of the Company	Approximate percentage of the total issued H share capital of the Company	Approximate percentage of the total issued share capital of the Company
D&R Industrial Development (Hong Kong) Limited (<i>Note 1</i>)	Beneficial owner	319,772,164 (L) H Shares	—	51.82%	27.01%
Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (<i>Note 2</i>)	Interest of controlled corporation	185,339,000 (L) Domestic Shares	32.69%	—	15.65%
Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (<i>Note 2</i>)	Interest of controlled corporation	319,772,164 (L) H Shares	—	51.82%	27.01%
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	Beneficial owner	73,540,620 (L) Domestic Shares	12.97%	—	6.21%
Shanghai Zhengxi Investment Management Partnership (Limited Partnership) (上海正禧投資管理合夥企業(有限合夥))	Beneficial owner	57,000,000 (L) Domestic Shares	10.05%	—	4.81%

Notes:

(L): denotes long position

- (1) D&R Industrial Development (Hong Kong) Limited is an indirect wholly-owned subsidiary of D&R Asset Management.
- (2) The 56.28% equity interest of D&R Asset Management is owned by Jiesi Weiye. Jiesi Weiye in turn is owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran (non-executive director) and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively.

Save as disclosed above and to the best knowledge of the Directors, Supervisors or chief executive of the Company, as at Latest Practicable Date, no persons (other than the Directors, Supervisors or chief executive of the Company) had any interest or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Directors' and Supervisors' interest in any asset acquired, disposed or leased

None of the Directors or Supervisors has any interest, direct or indirect, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any members of the Group, or which are proposed to be acquired or disposed of by or leased to any members of the Group.

Directors' and Supervisors' interest in contracts or arrangements

Save for the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement in which Mr. Wang Guanran and Mr. Wu Liming are materially interested by virtue of their common directorship in the Company, Jiesi Shiye and Jiesi Weiye and Mr. Wang Guanran additionally by virtue of his interest in the shares of Jiesi Shiye and Jiesi Weiye as disclosed above, none of the Directors or Supervisors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

2. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries are engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Group.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors has entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which will not expire or may not be terminated by the Group within one (1) year without the payment of compensation other than statutory compensation.

5. COMPETING INTERESTS

None of the Directors, Supervisors and their respective close associates were interested in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

6. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Octal Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Octal Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinions and/or the references (as the case may be) to its name in the form and context in which they appear.

The letter and recommendation given by Octal Capital Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Octal Capital Limited had no shareholding interest in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Octal Capital Limited had no interest, directly or indirectly, in any assets which had since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's website (<http://www.lbgold.com/>) for a period of 14 days from the date of this circular:

- (a) the copy of each of the Shiye Comprehensive Products Framework Agreement and Weiye Comprehensive Products Framework 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; and
- (d) the written consent from the Independent Financial Adviser referred to in the section headed “Qualification and consent of expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



LINGJIN

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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

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

(Stock Code: 3330)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Lingbao Gold Group Company Ltd. (the “Company”) will be held at the office of the Company at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC on Wednesday, 31 January 2024 at 9:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) (i) the Shiye Comprehensive Products Framework Agreement (as defined in the circular of the Company dated 12 January 2024), the terms of the transactions contemplated under the Shiye Comprehensive Products Framework Agreement and the implementation thereof be and are hereby approved, confirmed and/or ratified;
- (ii) the proposed annual caps for the three years ending 31 December 2026 in relation to the transactions contemplated under the Shiye Comprehensive Products Framework Agreement be and are hereby approved, confirmed and/or ratified; and
- (b) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Shiye Comprehensive Products Framework Agreement, the proposed annual caps and the transactions contemplated thereunder and to be in the interests of the Company.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “THAT:

- (a) (i) the Weiye Comprehensive Products Framework Agreement (as defined in the circular of the Company dated 12 January 2024), the terms of the transactions contemplated under the Weiye Comprehensive Products Framework Agreement and the implementation thereof be and are hereby approved, confirmed and/or ratified;
- (ii) the proposed annual caps for the three years ending 31 December 2026 in relation to the transactions contemplated under the Weiye Comprehensive Products Framework Agreement be and are hereby approved, confirmed and/or ratified; and
- (b) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Weiye Comprehensive Products Framework Agreement, the proposed annual caps and the transactions contemplated thereunder and to be in the interests of the Company.”

By order of the board of
Lingbao Gold Group Company Ltd.
Chen Jianzheng
Chairman

Henan, the PRC

12 January 2024

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Chen Jianzheng, Mr. Xing Jiangze, Mr. He Chengqun, Mr. Dai Weitao and Mr. Wu Liming; two non-executive Directors, namely Mr. Zhang Feihu and Mr. Wang Guanran; and four independent non-executive Directors, namely Mr. Wang Guanghua, Mr. Wang Jiheng, Mr. Xu Rong and Mr. Tan Chong Huat.

Notes:

1. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, each of the resolutions set out in the notice of EGM will be voted by poll. An announcement on the voting results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lbgold.com) in accordance with the Listing Rules.
2. Any Shareholder entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder. Shareholders or their proxies shall produce their identity documents when attending the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. The proxy form together with the notarised power of attorney or other documents of authorisation, if any, must be completed and returned to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited (in case of H Shareholders) or registered office of the Company at Hangu Road and Jingshan Road Intersection, Lingbao City, Henan Province, the PRC (in case of Domestic Shareholders) not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Computershare Hong Kong Investor Services Limited is located at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should he/she so wish.
4. The H Shares register of members of the Company will be closed, for the purpose of determining the entitlement of H Shareholders to attend the EGM, from Friday, 26 January 2024 to Wednesday, 31 January 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the EGM, all share certificates, together with the relevant transfer documents, must be lodged by the H Shareholders for registration with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and not later than 4:30 p.m. on Thursday, 25 January 2024.
5. Where there are joint holders of any Shares, the one whose name stands first in the register of members shall be entitled to attend and vote at the EGM in respect of such shares.
6. The EGM is expected to last for not more than one day. Eligible Shareholders (or their proxies) who attend the meeting shall bear their own travelling and accommodation expenses.
7. The address of the headquarter of the Company is:

Hangu Road and Jingshan Road Intersection Lingbao City
Henan Province The PRC

Tel: 86-398 886 0166
email: lbgold@lbgold.com