



# NORTH MINING SHARES COMPANY LIMITED

## 北方礦業股份有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code : 433)



# 2024

Interim Report

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Yang Ying Min

*(Chairman and Chief Executive Officer)*

Qian Yi Dong

*(Deputy Chairman)*

Shen Jian

Huang Zhidan

#### Independent Non-executive Directors

Shek Man Ho

Shen Ming Jie

Feng Jia Wei

#### AUTHORISED REPRESENTATIVE

Yang Ying Min

#### COMPANY SECRETARY

Ho Wing Yan

#### AUDIT COMMITTEE

Shek Man Ho

*(Chairman)*

Shen Ming Jie

Feng Jia Wei

#### REMUNERATION COMMITTEE

Shen Ming Jie

*(Chairman)*

Feng Jia Wei

Qian Yi Dong

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2004–05, 20/F

Kwan Chart Tower

6 Tonnochy Road

Wan Chai

Hong Kong

### PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited

4th Floor North Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17th Floor

Far East Finance Centre

No. 16 Harcourt Road

Hong Kong

### LISTING INFORMATION

Stock code: 433

(The Stock Exchange of Hong Kong Limited)

### WEBSITE

[www.northmining.com.hk](http://www.northmining.com.hk)

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL FINANCIAL PERFORMANCE

For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$621,311,000 (30 June 2023: approximately HK\$746,078,000), representing a decrease of approximately 16.72% over the same period in 2023. That was mainly due to the decrease in product sales of chemical trading operation.

During the period under review, the loss recorded by the Group was approximately HK\$99,790,000 (six months ended 30 June 2023: loss of approximately HK\$156,043,000), representing a decrease in loss of approximately 36.05% over the same period in 2023, such decrease in loss was mainly attributable to the decrease in loss of other gains and losses.

### BUSINESS REVIEW

The principal profit generation activities of the Group are: (i) mining operations — exploitation and exploration of mineral resources; and (ii) chemical trading operations — manufacturing and sale of chemical products. An analysis of each of these business segments is presented below:

#### Mining Operations — Exploitation and Exploration of Mineral Resources

The Group's mining operation mainly includes the exploitation and exploration of molybdenum concentrate in the PRC. Our molybdenum concentrate was produced by the molybdenum mine operated by Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("**Jiu Long Kuang Ye**"), a non-wholly owned subsidiary of the Group. The grading of molybdenum concentrate produced by our molybdenum mine was approximately 45%–50%.

The mining licence has been successfully renewed and the renewed licence, which is valid up to 22 February 2034, has been granted by the Ministry of Natural Resources of the PRC and issued to the Company on 10 February 2023. The mining licence is the major licence required for the Group to conduct its mining activities of its molybdenum mine.

During the period under review, no molybdenum concentrate products were produced due to Jiu Long Kuang Ye still need time to renew the safety licence and would resume exploitation and production activities after renew this licence. During the period under review, the mining operation did not contribute revenue (30 June 2023: Nil) to the Group. During the six months ended 30 June 2024, the Group did not recognise an amortisation of mining rights cost due to no exploitation of mine.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Performance of Mining Operations

The operation of Jiu Long Kuang Ye has been hindered due to the financial difficulty of the Group and the expiry of the mining licence of the molybdenum mine. However, Jiu Long Kuang Ye has been spending strenuous effort in renewing the relevant mining licence, and the relevant governmental department has also confirmed in April 2022 that all outstanding fees as well as information required for the renewal of the mining licence has already been paid/provided by Jiu Long Kuang Ye.

Reference is made to the announcement dated 10 February 2023, the mining licence has been successfully renewed and the renewed licence, which is valid up to 22 February 2034, has been granted by the Ministry of Natural Resources of the PRC and issued to the Company on 10 February 2023. The mining licence is the major licence required for the Group to conduct its mining activities of its molybdenum mine.

According to the management of Jiu Long Kuang Ye, it was understood that there has been no material change for the relevant regulations and standards required for the relevant operation of Jiu Long Kuang Ye and therefore the mine and factories of Jiu Long Kuang Ye could readily resume its operation once the relevant licences are renewed.

### Chemical trading operations

The Group's chemical trading operations mainly includes manufacturing and sale of chemical products in the PRC. Our chemical products were produced by Anhui Tongxi New Material Technology Company Limited, a non-wholly owned subsidiary of the Company. For the six months ended 30 June 2024, revenue generated from this segment to the Group was approximately HK\$621,311,000 (30 June 2023: approximately HK\$746,078,000) and the segment loss was approximately HK\$32,595,000 (30 June 2023: approximately HK\$43,029,000).

### EQUITY TRANSFER

On 28 March 2024, the Company completed the acquisition of 51% equity interests in Foshan Chuangwanli Resource Technology Co., Limited ("**Foshan**"), a company established in the PRC. The principal activities of Foshan were in research and development and sales of non-ferrous metals. The acquisition of Foshan involved no consideration as the Group aimed to cooperate with Foshan for developing the market of non-ferrous metals through their platform.

## MANAGEMENT DISCUSSION AND ANALYSIS

In view of recent economy downturn and the overall economic landscape of the PRC's non-ferrous metal industry is very competitive, as a new competitor in the market, the Group faced pressure on financing to develop the non-ferrous metal business. After careful consideration by the board of directors of the Company, in particular, the Group's liquidity position, the Group decided not to develop the non-ferrous metal industry and therefore, the Group cancelled the acquisition and transfer the equity interests of Foshan back to the vendor, Mr. Chen, at zero consideration. The equity transfer was completed on 29 July 2024. Since the Group's cooperation with Foshan was not materialised, and the amount of expenses incurred during this period was immaterial, the board of directors of the Company did not consolidate Foshan's financial information to the unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

### USE OF PROCEEDS

As disclosed in the Annual Report 2023, the gross proceeds (the "**Gross Proceeds**") of HKD40,000,000 from the Investor's Subscription. Pursuant to paragraphs 11(8) of Appendix D2 to the Listing Rules, the Board would like to provide additional information in relation to the timeline in utilising the Gross Proceeds. As at 31 December 2023, the Gross Proceeds had been fully utilised, the detail as follows:

Intended use of Gross Proceeds	Gross Proceeds	Actual use of	Unutilised balance
	as at	Gross Proceeds	
	29 September	31 December	
	2023	2023	
	(HK\$'000)	(HK\$'000)	(HK\$'000)
For settling (a) service and professional fees and expenses; (b) the fee incurred setting up Scheme Company and necessarily expenses	21,500	21,500	—
General working capital of the Group	18,500	18,500	—
Total	40,000	40,000	—

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

As we enter second half of 2024, our Group is striving to build resilience in a time of uncertainty.

The economic outlook remains uncertain in second half of 2024. Global economies will continue to face multiple macroeconomic headwinds, including geopolitical uncertainties, inflation and tightened financial conditions. Many industries are still plagued by supply chain issues that emerged in recent years. Ongoing inflation and subdued economic growth are expected. In order to combat this, our Group aims to improve our resilience in through strategic management, development and expansion of our two core businesses as well as building protective measures into supply chains to deal with shortages and rising business costs.

For mining operation, the Group has successfully renewed the mining licence of molybdenum mine and will further invest in and upgrade the mining operation machine system in production to improve the production efficiency, safety and environmental level. For chemical operation, through research and development and additional production facilities, we continue to improve our product quality and increase our product competitiveness.

The Group will continue to be receptive to the market's views candidly and humbly. It will endeavor to maintain effective communication with stakeholders. As a way to gauge capital markets' perception of the Group, we will continue to improve the quality of investor relations management and will ponder on investors' concerns and advices in order to further enhance the Group's operating management and corporate governance. The investor relations department will maintain professionalism at its work so that capital markets will be able to gain a thorough understanding of the Group's business. This will help unlock the potential investment value and contribute to the long term and healthy development of the Group.

### Molybdenum market

The operation environment of China's steel industry is the key factor that affects the development of the country's molybdenum market. As required by China's environmental protection policy and supply-side reform policy, steel factories have no alternative but to transform and shift to produce high quality special steel. Meanwhile, the normalization of fall/winter production restriction will further accelerate the enhancement and reconstruction of the steel industry, there are still ample room to increase the production of stainless steel and high strength steel. All the factors stated above will further drive up the demand for molybdenum, and it was expected that the demand for molybdenum in China will keep increasing. It was expected that the molybdenum market would continue to improve in the second half of 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Chemical market

China has stringent regulatory requirements for safety and environmental protection, which have inevitably created short-term operation pressure on the chemicals manufacturing industry. However, corporate with competitive advantage on environmental protection will eventually capture the opportunities emerged in an operation environment with sound regulation. The Group will continue to invest on safety and environmental protection, impose stringent control over its costs, enhance its production efficiency, and will formulate effective marketing strategy to meeting the challenges of increasing competition in the market.

The Group will make every endeavor to keep abreast of the challenging market conditions, proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability, and fine tune its business strategies when the Directors of the Company think appropriate. Moreover, the Group is seeking for further operating efficiency across the business. We are confident in the future and committed to continuous growth of the Company.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and proceeds from suitable source of funding. During the period under review, the Group recorded a net cash inflow of approximately HK\$13,773,000 (30 June 2023: cash outflow of approximately HK\$1,055,000). The cash outflow was mainly due to the net cash inflow from operating activities. The current ratio as at 30 June 2024 was approximately 0.19 as contrasted by 0.18 as at 31 December 2023. The debt equity ratio as at 30 June 2024 was deficit approximately 20.42 as contrasted by 52.44 as at 31 December 2023. It is confident that the Group would have adequate financial resources to satisfy full repayment of the current liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL STRUCTURE AND TREASURY POLICIES

#### Capital structure

The capital structure of the Group as at 30 June 2024 and 31 December 2023 has been summarised below:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Total current assets	<b>337,701</b>	321,732
Total current liabilities	<b>1,867,897</b>	1,842,120
Shareholders' equity (deficit)	<b>429,524</b>	39,972

#### Treasury policies

During the six months ended 30 June 2024, the major currencies on which principal business activities of the Group used were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider the Group is significantly exposed to any foreign currency exchange risks. It is the Group's treasury policy to manage its foreign currency exposure whenever such financial impact is material to the Group. For the six months ended 30 June 2024, the Group did not employ any financial instrument for hedging purpose and was not engage in foreign currency speculative activities.

### CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (2023: Nil).

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend and/or a final dividend for the six months ended 30 June 2024 (2023: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BORROWINGS AND BANKING FACILITIES**

As at 30 June 2024, the Group had bank loans and other borrowings in current liabilities and non-current liabilities amounted to approximately HK\$642,171,000 (2023: HK\$696,948,000).

### **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 June 2024, the Group employed 657 full time employees (2023: 659 employees). Employees' remuneration packages are generally structured by reference to market norms, individual qualifications, relevant experience and performance.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>621,311</b>	746,078
Cost of sales		<b>(613,189)</b>	(690,592)
<b>Gross profit</b>		<b>8,122</b>	55,486
Other income	5	<b>53</b>	759
Research and development costs		<b>(17,181)</b>	(21,385)
General and administrative expenses		<b>(56,973)</b>	(88,897)
Provision for impairment losses under expected credit loss ("ECL"), net		<b>583</b>	–
Other gains and losses	7	<b>(2,872)</b>	(60,817)
<b>Loss from operations</b>		<b>(68,268)</b>	(114,854)
Finance costs	8	<b>(31,522)</b>	(41,189)
<b>Loss before taxation</b>	9	<b>(99,790)</b>	(156,043)
Taxation	10	–	–
<b>Loss for the period</b>		<b>(99,790)</b>	(156,043)
<b>Attributable to:</b>			
Owners of the Company		<b>(58,543)</b>	(98,598)
Non-controlling interests		<b>(41,247)</b>	(57,445)
<b>Loss for the period</b>		<b>(99,790)</b>	(156,043)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>Other comprehensive income</b>			
<b>(Net of tax effect):</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign subsidiaries		7,432	14,041
<b>Other comprehensive income for the period</b>		<b>7,432</b>	14,041
<b>Total comprehensive expense for the period</b>		<b>(92,358)</b>	(142,002)
<b>Attributable to:</b>			
Owners of the Company		(63,979)	(103,021)
Non-controlling interests		(28,379)	(38,981)
		<b>(92,358)</b>	(142,002)
			(Restated)
<b>Loss per share</b>			
– Basic and diluted, HK cents	12	(0.47)	(8.44)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Property, plant and equipment		<b>536,486</b>	591,617
Mining rights	13	<b>762,940</b>	782,369
Prepayment		<b>22,516</b>	26,206
Right-of-use assets		<b>33,259</b>	37,023
		<b>1,355,201</b>	1,437,215
<b>Current assets</b>			
Inventories		<b>148,363</b>	156,176
Trade and bill receivables	14	<b>45,235</b>	116,001
Prepayments, deposits and other receivables		<b>125,740</b>	43,614
Cash and cash equivalents		<b>18,363</b>	5,941
		<b>337,701</b>	321,732
<b>TOTAL ASSETS</b>		<b>1,692,902</b>	1,758,947
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>250,233</b>	250,233
Reserves		<b>(354,184)</b>	(290,205)
Equity attributable to owners of the Company		<b>(103,951)</b>	(39,972)
Non-controlling interests		<b>(325,573)</b>	(297,194)
<b>TOTAL EQUITY</b>		<b>(429,524)</b>	(337,166)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-Current liabilities</b>			
Bank loans and other borrowings		<b>34,152</b>	27,533
Lease liabilities		<b>6,525</b>	7,162
Deferred tax liabilities		<b>213,852</b>	219,298
		<b>254,529</b>	253,993
<b>Current liabilities</b>			
Trade and bill payables	15	<b>369,067</b>	373,998
Other payables and accruals		<b>752,972</b>	682,241
Contract liabilities		<b>137,570</b>	116,206
Bank loans and other borrowings		<b>608,019</b>	669,415
Lease liabilities		<b>269</b>	260
		<b>1,867,897</b>	1,842,120
<b>TOTAL LIABILITIES</b>		<b>2,122,426</b>	2,096,113
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,692,902</b>	1,758,947
<b>NET CURRENT LIABILITIES</b>		<b>1,530,196</b>	1,520,388
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(174,995)</b>	(83,173)
<b>NET LIABILITIES</b>		<b>429,524</b>	337,166

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company							Attributable to non-controlling interests	Total equity		
	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Capital reserve	Statutory reserve	Exchange reserve			Accumulated losses	Subtotal
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2024	250,233	2,695,682	4,143,838	995	(894)	12,676	(277,312)	(6,865,190)	(39,972)	(2,971,194)	(377,166)
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(5,436)	(58,543)	(63,979)	(28,379)	(92,338)
At 30 June 2024	250,233	2,695,682	4,143,838	995	(874)	12,676	(282,748)	(6,923,733)	(103,951)	(325,573)	(421,524)
At 1 January 2023	373,926	3,761,932	31,350	995	(894)	12,676	(273,829)	(5,232,655)	(1,326,499)	(179,579)	(1,506,078)
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(4,423)	(98,598)	(103,021)	(38,981)	(142,002)
At 30 June 2023	373,926	3,761,932	31,350	995	(894)	12,676	(278,252)	(5,331,253)	(1,429,520)	(218,560)	(1,648,080)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six Months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash generated from operating activities	<b>59,160</b>	25,373
Net cash used in investing activities	<b>(2,255)</b>	(26,196)
Net cash used in financing activities	<b>(43,132)</b>	(232)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,773</b>	(1,055)
Cash and cash equivalents at 1 January	<b>5,941</b>	11,344
Effect of foreign exchange rate changes, net	<b>(1,351)</b>	(400)
<b>Cash and cash equivalents at 30 June</b>	<b>18,363</b>	9,889
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balance	<b>18,363</b>	9,889

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 10 April 1995 under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The issued shares of the Company are listed on the Main Board of the Stock Exchange. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Room 2004-05, 20/F, Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong.

The principal activities of the Group are (i) investment holdings; (ii) mining operations — exploitation and exploration of mineral resources; and (iii) chemical trading operations.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars, which is the same functional currency of the Company.

## 2. BASIS OF PREPARATION

### 2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the unaudited condensed consolidated interim financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023, which were prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2.2 Going concern

The Group incurred a net loss of approximately HK\$99,790,000 during the six months ended 30 June 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$1,530,196,000 and approximately HK\$429,524,000 respectively. As at 30 June 2024, the Group had bank loans and other borrowings of approximately HK\$642,171,000, of which approximately HK\$608,019,000 and approximately HK\$34,152,000 were recorded under current liabilities and non-current liabilities respectively. Bank loans and other borrowings comprised (1) secured borrowings totaling approximately HK\$581,447,000; and (2) unsecured borrowings totaling approximately HK\$60,724,000. As at 30 June 2024, the Group had bank balances totaling approximately HK\$18,363,000. Further, the continuity of the Group's operation is dependent upon the Group was able to solicit new funding for their operation. These conditions indicate the existence of material uncertainties which may cast significant doubt upon the Group's ability to continue as a going concern.

In preparing the unaudited condensed consolidated financial statements, the directors of the Company have careful consideration for the liquidity of the Group in light of the conditions described above.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these unaudited condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the unaudited condensed consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Directors will strengthen to implement measures aiming of improving the working capital and cash flow of the Group including closely monitoring the general administrative expenses and operating costs;

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (ii) The Directors will continue to source for additional funding and negotiate with certain bankers to obtain additional banking facilities and/or extend the borrowings when they fall due;
- (iii) In the opinion of the Directors, they are negotiating with several independent parties in relation to proceed subscription of shares. The Directors hold a positive and encouraging opinion of ongoing negotiations with these parties regarding the potential subscription of shares; and
- (iv) The Group's mining operation will be resumed within 2024 after obtaining all the necessary approval certificate from the PRC's authorities. The Directors are in the opinion that the Group's mining operation will generate positive cash flow and that will improve the overall liquidity position of the Group.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from the date of the unaudited condensed consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements of the Group have been prepared on the going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these unaudited condensed consolidated financial statements.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in the unaudited condensed consolidated interim financial statements.

### 4. REVENUE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of chemical products	<b>621,311</b>	746,078

### 5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	<b>34</b>	25
Government grant	-	52
Sales of by-products	-	430
Sundry income	<b>19</b>	252
	<b>53</b>	759

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 June 2024 (Unaudited)			
	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Total HK\$'000
Segment revenue	-	621,311	621,311
Segment results	(29,308)	(32,595)	(61,903)
Unallocated income			34
Finance cost			(31,522)
Other gains and losses			(2,529)
Provision of impairment loss under expected credit loss ("ECL"), net			583
Unallocated expenses			(4,453)
Loss before taxation			(99,790)
Taxation			-
Loss for the period			(99,790)

Other segment information:

	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Capital expenditures	-	2,289	-	2,289
Depreciation and amortisation	25,657	17,792	2,529	45,978

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (Unaudited)			
	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Total HK\$'000
Segment revenue	–	746,078	746,078
Segment results	(58,102)	(43,029)	(101,131)
Unallocated income			277
Finance cost			(41,189)
Other gains and losses			(2,613)
Unallocated expenses			(11,387)
Loss before taxation			(156,043)
Taxation			–
Loss for the period			(156,043)

Other segment information:

	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Capital expenditures	26,330	1,290	–	27,620
Depreciation and amortisation	30,636	18,363	2,612	51,611

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an analysis of the Group's segment assets, liabilities and other segment information:

### As at 30 June 2024 (Unaudited)

	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>1,296,032</b>	<b>378,542</b>	<b>18,328</b>	<b>1,692,902</b>
<b>Segment liabilities</b>	<b>1,073,484</b>	<b>1,025,105</b>	<b>23,837</b>	<b>2,122,426</b>

### As at 31 December 2023 (Audited)

	Mining exploitation HK\$'000	Trading of chemical products HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>1,350,143</b>	<b>387,581</b>	<b>21,223</b>	<b>1,758,947</b>
<b>Segment liabilities</b>	<b>1,076,850</b>	<b>988,783</b>	<b>30,480</b>	<b>2,096,113</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of right-of-use assets	<b>(2,872)</b>	(2,989)
Provision of obsolete inventories	—	(57,828)
	<b>(2,872)</b>	(60,817)

### 8. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings wholly repayable within five years	<b>31,091</b>	31,091
Interest expenses for lease liabilities	<b>431</b>	431
	<b>31,522</b>	31,522

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charges:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	<b>43,106</b>	48,622
Amortisation of right-of-use assets*	<b>2,822</b>	2,989
Director's emoluments	<b>1,229</b>	140
Staff costs		
– Wages and salaries	<b>18,103</b>	25,993
– Retirement benefits contributions	<b>2,325</b>	3,287

\* Included in other gains and losses

### 10. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Current tax:		
People's Republic of China ("PRC")		
corporate income tax	–	–
	–	–

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% on assessable profits for the period. No provision for Hong Kong Profits Tax has been made in the interim financial statements as at Group's operations in Hong Kong incurred a tax loss for the period (30 June 2023: Nil).
- (ii) PRC corporate income tax charge represents the PRC Enterprise Income Tax paid or payable during the period. Enterprise Income Tax in the PRC has been provided at the prevailing rate.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### 12. LOSS PER SHARE

#### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$58,543,000 for six months ended 30 June 2024 (six months ended 30 June 2023: loss of approximately HK\$98,598,000) and the weighted average number of 12,511,640,397 shares in issue during the period (six months ended 30 June 2023: 1,168,519,314 (restated)).

#### (b) Diluted earning per share

No diluted earning per share is presented as there were no potential ordinary shares in issue for the six months ended 30 June 2024 (30 June 2023: Nil).

The weighted average number of ordinary shares for the six months ended 30 June 2023 for the purposes of calculating basic and diluted loss per share have been adjusted for capital reorganisation which took place on 29 September 2023.

### 13. MINING RIGHTS

As at 30 June 2024, the Group has one mining exploitation operation in respect of a molybdenum mine.

The molybdenum mine located at Xi Ban Cha Gou, Huanglongpu Village, Shimen Town, Luonan County, Shaanxi Province, the PRC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade and bills receivables	<b>47,720</b>	76,995
Less: Allowance for credit losses	<b>(2,485)</b>	(1,691)
	<b>45,235</b>	75,304

Trade and bills receivables with the following aging analysis presented based on invoice date as at the end of reporting period:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0–30 days	<b>25,611</b>	22,883
31–60 days	<b>18,026</b>	52,990
61–90 days	<b>1,598</b>	35,067
91–180 days	–	4,610
Over 180 days but within one year	–	451
	<b>45,235</b>	116,001

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE AND BILLS PAYABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0–30 days	<b>279,131</b>	219,617
31–60 days	<b>14</b>	15
61–90 days	<b>31,065</b>	102,957
91–180 days	<b>14,453</b>	14,822
Over 180 days but within one year	<b>44,404</b>	36,587
	<b>369,067</b>	373,998

## ADDITIONAL INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 June 2024, none of the Directors or chief executives of the Company, or any of their respective associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2024, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company:

Name of shareholders	Capacity	Number of shares/underlying shares held	Approximate percentage interest in the issued voting shares of the Company
Sfund International Asset Management Limited (note 1)	Beneficial owner	2,575,478,816	20.58%
Qian Baohua (note 2)	Held by controlled corporation	2,438,619,133	19.49%
Huatune Holding Group Limited (note 2)	Beneficial owner	2,182,208,877	17.44%
Huatune Corporate (note 2)	Beneficial owner	256,410,256	2.05%
Gao Shan (note 3)	Beneficial owner	999,055,393	7.99%
Ms. So Kit Yee Anita (note 4)	Scheme Administrator	2,380,886,925	19.03%
Mr. Leung Fredric Hin Hang (note 4)	Scheme Administrator	2,380,886,925	19.03%
Luck Capital Limited (note 4)	Scheme Company	2,380,886,925	19.03%

## ADDITIONAL INFORMATION

Notes:

- 1) Sfund International Asset Management Limited is wholly-owned by Sheer Capital Investment Limited, which is wholly-owned by Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), Sfund International Investment Fund Management Limited is wholly-owned by Guangzhou Huiyintianyue Equity Investment Fund Management Co., Ltd. (廣州滙垠天粵股權投資基金管理有限公司), Guangzhou Huiyintianyue Equity Investment Fund Management Co., Ltd. is wholly-owned by Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), Guangzhou Industrial Investment Fund Management Co., Ltd. is wholly owned by Guangzhou City Construction Investment Group Company Limited (廣州市城市建設投資集團有限公司).
- 2) Huatune Holding Group Limited is wholly-owned by Mr. Qian Baohua. Huatune Corporate is 95% owned by Mr. Qian Baohua.
- 3) Gao Shan personally held 999,055,393 shares in the Company.
- 4) According to the scheme of arrangement between the Company and its scheme creditors, the Company transferred 11,086,710,827 issued ordinary shares to the scheme company (i.e. Luck Capital Limited) on 29 September 2023. Ms. So Kit Yee Anita and Mr. Leung Fredric Hin Hang are the joint and several administrators of the scheme. Luck Capital Limited has disposed 8,705,823,902 ordinary shares for the six months ended 30 June 2024 pursuant to the terms of the Scheme.
- 5) These percentages are calculated on the basis of 12,511,640,397 issued shares of the Company as at 30 June 2024.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any persons who, as at 30 June 2024, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

## ADDITIONAL INFORMATION

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period of the six months ended 30 June 2024.

### CORPORATE GOVERNANCE CODE

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders.

During the period ended 30 June 2024, the Company had applied the principles of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except the following code provisions:

1. Under the code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Yang Ying Min, being the chairman and chief executive officer of the Company, has in-depth knowledge and considerable experience in the Group's business, and is responsible for the overall strategic planning and general management of the Group. It was considered that vesting the roles of chairman and chief executive officer in the same person will lead to consistent leadership of the Group and enable the Group to make and implement decisions promptly, thus achieving the Group's objectives efficiently and effectively in response to the changing environment.

The Company has formulated a board diversity policy (the "**Policy**") for achieving diversity on the Board of the Company. The Policy enables the sustainable and balanced development of the Company's strategic objectives. The Board reviewed the Policy annually to ensure the effectiveness of the Policy.

The Company considers that sufficient measures had been taken to ensure that the Company complied with the Code for the period ended 30 June 2024.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of relevant corporate governance requirements.

## **ADDITIONAL INFORMATION**

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the Directors' transactions of listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code for the six months ended 30 June 2024.

### **AUDIT COMMITTEE**

The audit committee comprises three independent non-executive directors, namely Mr. Shek Man Ho, Mr. Shen Ming Jie and Mr. Feng Jia Wei. The audit committee shall review the interim and annual financial statement of the Group before their submission to the Board of the Company for approval, and review the effectiveness of the financial reporting system, risk management and internal control system of the Group. The audit committee has reviewed the Group's interim results and interim report for the six months ended 30 June 2024.

For and on behalf of  
**North Mining Shares Company Limited**  
**Yang Ying Min**  
*Chairman*

Hong Kong, 30 August 2024