

KINETIC DEVELOPMENT GROUP LIMITED 力量發展集團有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code:1277



ANNUAL REPORT 2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ju Wenzhong (Chairman)
Mr. Li Bo (Chief Executive Officer)

Mr. Ji Kunpeng

Non-executive Director

Ms. Zhang Lin

Independent Non-executive Directors

Ms. Liu Peilian

Mr. Chen Liangnuan

Ms. Xue Hui

AUDIT COMMITTEE

Ms. Liu Peilian (Chairlady)

Mr. Chen Liangnuan

Ms. Zhang Lin

REMUNERATION COMMITTEE

Ms. Xue Hui (Chairlady)

Ms. Liu Peilian

Ms. Zhang Lin

NOMINATION COMMITTEE

Mr. Ju Wenzhong (Chairman)

Mr. Chen Liangnuan

Ms. Xue Hui

AUTHORISED REPRESENTATIVES

Mr. Ju Wenzhong

Mr. Chong Yuk Fai (appointed on 6 February 2025)

Ms. Cheng Lucy (resigned on 6 February 2025)

COMPANY SECRETARY

Mr. Chong Yuk Fai (appointed on 6 February 2025)

Ms. Cheng Lucy (resigned on 6 February 2025)

REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Dafanpu Coal Mine

Majiata Village, Xuejiawan Town

Zhunge'er Banner, Ordos City

Inner Mongolia, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor

80 Gloucester Road

Wan Chai

Hong Kong

AUDITOR

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre, 183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL BANKER

China Minsheng Banking Corp., Ltd.

STOCK CODE

1277

WEBSITE OF THE COMPANY

www.kineticme.com



Chairman's Statement

On behalf of the Board of Directors (the "Board") of Kinetic Development Group Limited (the "Company"), I am pleased to present the annual results of the Company, together with its subsidiaries (the "Group"), as of 31 December 2024.

The year 2024 was marked by intensified geopolitical tensions, alongside adverse factors such as high interest rates, high inflation, high debt levels and rising trade protectionism, which slowed the recovery of the global economy. With the precise macro-economic adjustment and control implemented by the Chinese government, the overall economic and social situation has remained stable while making solid progress toward high-quality development. According to the National Bureau of Statistics of China, China's GDP reached approximately RMB134.9 trillion in 2024, representing a year-on-year increase of 5% at constant prices.

In 2024, the domestic coal market showed a loose supply-demand pattern. The national output of raw coal has continued to maintain a high level in recent years. Coal stockpiles across different segments remained high, and high volumes of imported coal supplemented the supply. On the other hand, coal demand from the downstream power generation industry showed limited growth. In 2024, coal prices in the domestic market experienced a slight decrease but remained at a relatively high level.

As a leading integrated coal enterprise in China, the Group's business activities cover coal production, washing, loading, transportation and trading. In 2024, the Group stringently controlled the quality of its coal products while implementing precise and efficient sales strategies based on market conditions, thereby achieving high-quality and high-speed development. For the year ended 31 December 2024, the Group's total revenue was approximately RMB5,655.8 million, representing an increase of 19.2% year-on-year, of which the revenue from its principal coal business reached approximately RMB5,368.5 million, representing an increase of 13.4% year-on-year. The Group's net profit before tax from its principal coal business amounted to approximately RMB3,045.7 million, representing an increase of 20.0% year-on-year. The Group's overall net profit was approximately RMB2,080.7 million, representing an increase of 0.4% year-on-year. Such increase was mainly attributable to the full recovery of production at the Group's Dafanpu Coal Mine to a normal level and significantly improved mining efficiency.

In 2024, the Group continued to promote the safe, efficient and green mine construction at the Dafanpu Coal Mine. In terms of safety assurance, the Group regards the enhancement of employees' safety skills as a priority by organising regular practical training sessions to enhance employees' safety awareness. In terms of production and operations, the Group adopted a dynamic management model for real-time production monitoring, introducing advanced technology and equipment to improve operational efficiency while strengthening equipment control to reduce equipment failure rates. In terms of operation management, the Group continued to implement refined management for cost reduction and efficiency enhancement. For the year ended 31 December 2024, the Group's gross profit margin was 55.2%, while the net profit margin was 36.8%, remaining at a relatively high level in the industry.

In 2024, regarding coal resource expansion, the Yong'an Coal Mine in Ningxia entered the joint trial operation phase in November, while the Weiyi Coal Mine is under construction. These will effectively expand the Group's coal production capacity and diversify coal varieties, representing a key growth driver for future performance. Moreover, the Group is working to subscribe for 51% of the shares of MC Mining Limited ("MC Mining"), which will enable the Group to tap into the thermal and coking coal mining sector in South Africa, further increasing profitability.



Chairman's Statement

In addition, the Group attaches great importance to environmental protection and sustainable and diversified development. Its Dafanpu Coal Mine continues to maintain the honour of being a national-level green mine attributable to its outstanding performance in ecological protection and rational resource utilisation, setting an industry standard for green development. Besides operating its principal coal business, the Group has developed diversified auxiliary businesses including agriculture and animal husbandry, real estate investment and cigar and tobacco, which further enhanced the Group's performance.

Looking forward to 2025, the global economic environment will remain complex and challenging with an uncertain outlook. The Chinese government will continue to prioritise stability, implement precise macro-economic adjustment and control and continuously stimulate domestic demand, through which the domestic economy is expected to maintain a stable and positive momentum. As for the coal industry, it is expected that the coal market will maintain a loose supply-demand relationship in 2025, with coal prices continuing to face downward pressure. However, in the medium to long term, thermal power generation will maintain its dominant position in the future power generation sector, offering stable development prospects for high-quality coal enterprises.

Looking forward, the Group will capture market opportunities and actively identify and explore quality projects by fully leveraging on its advantages in terms of high standards and premium products, strong profitability and capital strength. Moreover, the Group will seek to achieve steady growth and development, striving for outstanding returns for the society and our shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to our shareholders, business partners, management members and employees for their continued dedication and unwavering support.

Ju Wenzhong

Chairman and Executive Director

25 March 2025

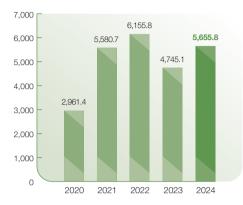


MANAGEMENT DISCUSSION AND ANALYSIS

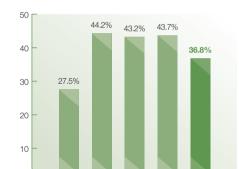
Key Financial and Operational Performance Indicators

Revenue

(RMB Million)



Net Profit Margin



CAPEX

(RMB Million)

0

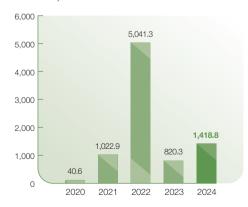
2020

2021

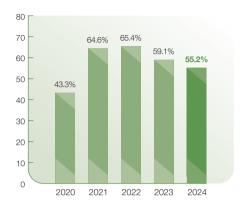
2022

2023

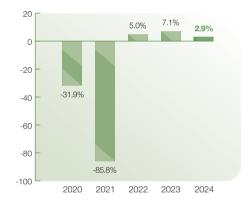
2024



Gross Profit Margin

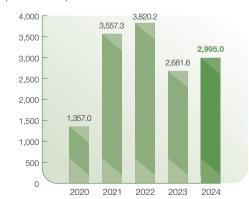


Gearing Ratio



EBITDA

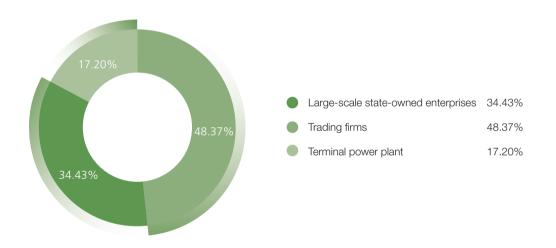
(RMB Million)



2024 weekly average price of 5,000 Kcal thermal coal at Qinhuangdao Port (free on board):



Illustration of the Structure of Customers (By Revenue):





MARKET REVIEW

2024 was marked by a complex international landscape, characterised by weak global economic growth momentum, intensifying geopolitical tensions and rising trade protectionism. Domestically in China, effective demand was insufficient, and the transition between old and new growth impetus experienced challenges. In spite of the complex and severe situation of increasing external pressure and internal difficulties, the Chinese government implemented comprehensive policies that maintained overall economic stability with modest progress. According to the National Bureau of Statistics of China, China's GDP reached approximately RMB134.9 trillion in 2024, surpassing RMB130 trillion for the first time, with 5% year-on-year growth. China maintained its position as the world's second-largest economy and served as a key driver of global economic growth. The industrial enterprises above the designated size in China recorded total revenue of approximately RMB137.8 trillion, representing a year-on-year increase of 2.1% on a comparable basis, while the total profit of these enterprises amounted to approximately RMB7,431.05 billion, representing a year-on-year decrease of 3.3% on a comparable basis.

In 2024, the domestic coal market showed a loose supply-demand pattern. The supply side witnessed sufficient domestic coal production complemented by a notable increase in coal imports, effectively securing the country's coal supply. According to the National Bureau of Statistics of China, China's raw coal output from industrial enterprises above the designated size was approximately 4.76 billion tonnes in 2024, representing a year-on-year increase of 1.3% on a comparable basis; while China's coal imports for the corresponding period was approximately 540 million tonnes, representing a year-on-year increase of 14.4% on a comparable basis. On the demand side, although the demand for downstream coal-fired power generation remained high in 2024, the growth rate was limited. According to the National Bureau of Statistics of China, China's power generation by industrial enterprises above the designated size was approximately 9.4 trillion kWh in 2024, representing a year-on-year increase of 4.6% on a comparable basis.

In 2024, domestic coal prices as a whole showed a trend of "narrow fluctuation and slight downward adjustment". While the average coal price decreased, it remained historically high. Affected by the decrease in coal prices, the operating results of the industry in general recorded a year-on-year decrease. According to China's National Bureau of Statistics, the coal mining and washing enterprises above the designated size in China recorded revenue from their principal business of approximately RMB3,160.33 billion in 2024, representing a year-on-year decrease of 11.1% on a comparable basis. Total profit amounted to approximately RMB604.64 billion, representing a year-on-year decrease of 22.2% on a comparable basis.

Overall, the domestic coal market in 2024 was in a stage of "pursuing stable production to secure supply". The supply was inclined towards abundance, leading to a drop in the average coal price, and the overall performance of coal enterprises experienced a certain degree of retracement.



BUSINESS REVIEW

Principal Coal Business

As a leading integrated coal enterprise in China, the Group's business activities operate through the whole coal industry chain, covering coal production, washing, loading, transportation and trading.

In 2024, the average coal market price experienced downward pressure due to several factors. The Group made accurate market foresight, decisively implementing pre-sales in the fourth quarter of 2024, which hedged against the risk of sharp market downturns. Also, the Group adopted a competitive bidding sale method, swiftly securing high-value demand across different phases, contributing to the Group's annual sales price above the market level. In 2024, the Group's 5,000 kcal low-sulfur environmentally friendly thermal coal recorded an average price of approximately RMB753.0 per tonne, representing a year-on-year decrease of approximately 6.1%, yet still higher than the prevailing market price, with receivables collection ratio on sales reaching 100%.

In 2024, the Group continued to leverage its own low-sulfur, high-ash-fusion-temperature and high-quality thermal coal product "Kinetic 2", while flexibly utilising diverse purchase and sale models such as Free on Board, Delivered Ex Quay, Free on Trains and Ex-Mine Sales. This further enhanced the market coverage and brand influence of the Group's coal products among downstream customer groups, continuously consolidating and expanding its market share. The Group successfully achieved its sales and revenue targets for 2024. For the year ended 31 December 2024, revenue from the Group's principal coal business amounted to approximately RMB5,368.5 million, representing an increase of 13.4% compared to the corresponding period last year, and contributed 94.9% of the Group's total revenue. The sales of the Group's 5,000 kcal coal products rose by approximately 21.8% compared to the corresponding period last year, mainly due to the production at the Group's Dafanpu Coal Mine in the first half of 2024 free from the temporary unfavorable underground mining conditions that existed in the corresponding period of 2023. In addition, significant improvements in mining efficiency throughout the year also contributed to the increase in the Group's coal production.

In 2024, the Group continued to advance its refined management strategy by further integrating it into all operational segments. In production, the Group completed the intelligent construction and renovation of the coal processing plant at the Dafanpu Coal Mine, which further improved production efficiency and reduced electricity consumption and workshop operating costs. In transportation, strict controls were implemented to effectively reduce losses during automobile and rail transportation. Through outstanding achievements in refined management, the Group effectively buffered the impact of declining sales prices on profit margins. For the year ended 31 December 2024, the Group's gross profit margin was approximately 55.2%, positioning it a leading position in the industry.

Based on the above business strategies, the Group has maintained high-quality development, bringing relatively considerable profit returns to shareholders. For the year ended 31 December 2024, the net profit before tax from the Group's principal coal business amounted to approximately RMB3,045.7 million, representing a year-on-year increase of 20.0%.

The Group always puts safe production as its top priority. The Group's Dafanpu Coal Mine in Inner Mongolia had been rated as the "National Class 1 Safe Production Standardised Coal Mine" by the National Mine Safety Administration, honoured with the title of "Coal Industry Premium Safe and Efficient Mine" by the China National Coal Association, and received the highest honour of "Class A Coal Mine" granted by the Energy Bureau of Zhunge'er Banner for consecutive years.

The Group upholds the principles of green and sustainable development. In 2024, the Dafanpu Coal Mine continued to maintain the honor of being a national-level Green Mine and was featured as a model case study at the Inner Mongolia Green Mine Special Exhibition organised by the Department of Natural Resources of Inner Mongolia Autonomous Region and the Geological Museum of China. Inner Mongolia Zhunge'er Kinetic Coal Limited ("**Kinetic Coal**") received recognition as the "Advanced Enterprise in the Construction of Green Mines in Zhunge'er Banner for the Year 2023" and the "Advanced Enterprise in the Construction of Green Mines in Ordos City", fully demonstrating the Group's comprehensive strength in sustainable mining development.

In addition, the Group's Yong'an Coal Mine, located in Ningxia Hui Autonomous Region, entered the joint trial operation phase on 8 November 2024, which is planned to reach full production capacity in 2026, with a designed annual production capacity of 1.20 million tonnes. The Weiyi Coal Mine, also located in Ningxia, is still under construction and is scheduled to commence operations in the second half of 2025 and reach full production capacity in 2027, with a designed annual production capacity of 0.9 million tonnes. The Yong'an Coal Mine is equipped with a large coking coal processing plant with an annual processing capacity of 2.40 million tonnes to support the production and operations of the Yong'an Coal Mine and the Weiyi Coal Mine in Ningxia. The clean coal produced through the washing process is high-quality coking coal, suitable for use for coking, blending for coking, power generation and coal chemical processes, providing quality products for clients in the coking, steel and other industries. This breakthrough from a single thermal coal to comprehensive coal variety production not only broadens the Group's product line but also strengthens the Group's comprehensive competitiveness in the coal market, laying a solid foundation for the Company's future sustainable growth.

In 2024, the Group took its first step towards international development in the coal sector by announcing the subscription of 51% shares in MC Mining Limited through subscription of new shares of MC Mining, with the first phase of subscription of 13.04% shares already completed in August 2024. The second phase of subscription is in progress. Currently, the Group holds a total of 27.60% shares of MC Mining. Upon completion of the subscription, the Group will develop and operate four coal mining projects in South Africa, encompassing both thermal and coking coals, with total mineable resources of 1.96 billion tonnes (based on the annual report of MC Mining for the year ended 30 June 2023). These high-quality resources are positioned to become a key driver of the Group's future performance growth.

Ancillary Businesses

In recent years, the Group has developed potential ancillary businesses including agriculture and animal husbandry, real estate investment and cigar and tobacco on the basis of consolidating the core advantages of its principal coal business, aiming to seek more profit growth opportunities for shareholders.

In terms of agriculture and animal husbandry, the Group has successfully established an ecological industry chain integrating agricultural product planting and livestock breeding in its mine reclamation area. Guangtaichang Original Breeding Pig Farm* (廣太昌原種豬場) of Inner Mongolia Liangyun Animal Husbandry Development Co., Ltd.* (內蒙古量蘊牧業發展有限公司) was built in 2022, and 650 French original breeding pigs have been introduced from France. In the first phase, a breeding area is planned to be built, including a breeding farm and two fattening farms. Lijiata Fattening Farm* (李家塔育肥場) was put into production in August 2023. Huajian Village Qianhao Breeding Farm* (鏵尖村前壕擴繁場) was completed and put into operation in May 2024. Wulan Bulang Fattening Farm* (烏蘭不浪育肥場) (first phase) is expected to be completed and put into operation by the end of 2026. The first phase of the project is expected to reach full capacity by mid-2026, with 7,200 breeding pigs in stock and 170,000 pigs of various types marketed in 2027.



In terms of real estate investment, the Group has been acquiring real estate projects in Wuhai, Taiyuan, Guangzhou, Qinhuangdao and Maoming in recent years, comprising office buildings, retail stores, underground parking facilities, villas and residential apartments. While vigorously driving sales efforts, the Group also closely monitored the construction progress of projects under construction to ensure that all these projects will proceed in an orderly manner and will be delivered according to schedule.

In addition, the Group commenced the business of production, operation and sales of cigars and tobacco in Cambodia by acquiring 73% equity interests in Star Idea Enterprises Limited ("Star Idea") in October 2023. In December 2024, the Group capitalized the loan to Star Idea of RMB200 million along with the accrued interest into the share capital of Star Idea. Currently, the Group holds a total of 82.81% equity interests in Star Idea. In 2024, the Group successfully launched two new flavors of the "Asia Star" cigarettes, receiving positive feedback in Southeast Asian and international markets.

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE GROUP, THEIR IMPACTS AND CORRESPONDING MEASURES

Risks arising from our mining operations being currently centered at one mining site

Our operations are currently centered at the Dafanpu Coal Mine despite the fact that Yong'an Coal Mine officially entered joint trial operations on 8 November 2024. Thus, most of our operating cash flows and sales are derived from the sale of coal produced from this single deposit. Any significant operational or other difficulties in the mining, processing, storing or transportation of coal at or from the Dafanpu Coal Mine could reduce, disrupt or halt our coal production, which materially and adversely affect our business, prospects, financial conditions and results of operations. Our operations (including mining, processing, storing, rail transportation and coal trading) have run smoothly since the commencement of commercial production in 2013. Besides, we consistently focus on the production safety of the Dafanpu Coal Mine and it is expected that the operations would become more stable in the future as we accumulate more operational experience.

Risks arising from coal price volatility

Influenced by the effect of structural adjustments on this sector and a centralised allocation of production capacity, there is still a downward pressure on the prices of our products. The Group will maintain sales volumes and profits by various measures, including reducing costs and exploring potential internally, expanding markets and improving efficiency externally, profoundly optimizing market layout, expanding market space, flexibly implementing marketing strategy and product mix optimization.

In addition, our quality coal product brand "Kinetic 2" enjoys great popularity, which mitigates our risks arising from coal price volatility.

Risks arising from production safety

The principal business of the Group is of high risk in nature with high safety and production related risks, and there are many uncertainties that affect safety production. The Group always believes that safety comes first and precaution is key, underpinning the safety monitoring system with "scientific management, sophisticated organization and practical measures" to strengthen risk management and conduct safety accountability assessment in a stringent manner to ensure the production with high operating efficiency and safety. In 2024, the Group's Dafanpu Coal Mine and Yong'an Coal Mine had no serious personal injury accidents. Work that minimizes the risks in respect of production safety are detailed in the Environmental, Social and Governance Report set out on pages 25 to 58 of this annual report.

Exploration, Development and Mining Activities

The estimated coal resources and reserves with no material change of assumptions as compared with previously disclosed estimates, substantiated by the internal and external experts are as follows:

Dafanpu Coal Mine:

Coal Resources as of 31 December 2024

Coal Seam	Measured (Million tonnes)	Indicated (Million tonnes)	Inferred (Million tonnes)	Total Coal Resources (Million tonnes)
5	9.73	14.41	0.56	24.70
6 ^u	9.64	18.51	0.47	28.62
6	131.32	152.72	0.34	284.38
8	_	_	4.05	4.05
9		5.13	12.91	18.04
Total	150.69	190.77	18.33	359.79

Coal Reserves as of 31 December 2024

Coal Seam	Proven Coal	Probable Coal	Total Coal
	Reserves	Reserves	Reserves
	(Million tonnes)	(Million tonnes)	(Million tonnes)
6 ^u	5.53	8.87	14.40
6	73.64	71.08	144.72
Total	79.17	79.95	159.12



Yong'an Coal Mine:

Coal Resources as of 31 December 2024

Coal Seam	Indicated (Million tonnes)	Inferred (Million tonnes)	Total Coal Resources (Million tonnes)
0	7.07	14.97	22.04
1	3.61	15.40	19.01
2	9.78	11.04	20.82
3	5.66	18.75	24.41
4	8.05	25.88	33.93
50	3.93	7.43	11.36
61	1.12	3.03	4.15
90	8.07	16.07	24.14
101	1.90	4.86	6.76
12	4.55	17.40	21.95
14	3.35	10.07	13.42
171	4.60	10.81	15.41
183	1.53	5.29	6.82
Total	63.22	161.00	224.22

Coal Reserves as of 31 December 2024

Coal Seam	Proven Coal Reserves (Million tonnes)	Probable Coal Reserves (Million tonnes)	Total Coal Reserves (Million tonnes)
0	_	3.87	3.87
1	_	1.82	1.82
2	_	5.20	5.20
3	_	3.13	3.13
4	_	4.31	4.31
50	_	2.26	2.26
61	_	0.64	0.64
90	_	4.46	4.46
101	_	1.08	1.08
12	_	2.32	2.32
14	_	1.74	1.74
171	_	1.88	1.88
183		0.48	0.48
Total	_	33.20	33.20

Weiyi Coal Mine:

Coal Resources as of 31 December 2024

Coal Seam	Indicated (Million tonnes)	Inferred (Million tonnes)	Total Coal Resources (Million tonnes)
2	5.11	6.12	11.23
3	6.19	11.23	17.42
4	8.79	17.46	26.25
12	4.08	9.13	13.21
14	3.57	5.27	8.84
15	2.55	11.19	13.74
16	3.24	9.28	12.52
17	4.04	8.68	12.72
20	0.52	2.16	2.68
Total	38.09	80.52	118.61

Coal Reserves as of 31 December 2024

Coal Seam	Proven Coal Reserves (Million tonnes)	Probable Coal Reserves (Million tonnes)	Total Coal Reserves (Million tonnes)
2	_	1.81	1.81
3	_	2.33	2.33
4	_	3.43	3.43
12	_	1.29	1.29
14	_	1.53	1.53
15	_	0.90	0.90
16	_	1.66	1.66
17	_	1.38	1.38
20		0.68	0.68
Total	_	15.02	15.02

The Group's capital commitments as at 31 December 2024 amounted to approximately RMB1,347.1 million which were mainly related to the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects.

The Group incurred capital expenditures of approximately RMB1,418.8 million for the year ended 31 December 2024, which were mainly related to the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures were financed by a combination of interest-bearing bank loans and internal resources.



The breakdown of the Group's expenses in relation to its mining activities for the year ended 31 December 2024 is summarised as follows:

	For the year ended 31 December 2024 RMB'000
Cost items	
Mining costs	401,768
Processing costs	117,203
Government surcharges	360,514
Transportation costs	1,256,154
Cost of sales	2,135,639
Finance costs	34,741
Total	2,170,380

FUTURE OUTLOOK

Looking forward to 2025, global economic growth will continue to be disrupted by geopolitical conflicts and sluggish international trade. According to the World Economic Outlook issued by the World Bank in January 2025, global economic recovery is projected to remain slow over the next two years, with the growth rate maintaining at 2.7%, below the pre-pandemic level. The Chinese government is expected to adhere to its overarching approach of maintaining stable growth, continuously expanding the domestic market and promoting technological innovation, thereby China's economy is expected to maintain stable growth.

With regard to the coal market, it is anticipated to see an intensifying coal supply surplus in the domestic market in 2025, with coal prices expected to decline further. On the supply side, raw coal output continues to remain robust, with imports expected to maintain at a high level. On the demand side, the macroeconomy is expected to focus on maintaining stable growth, so it will take a longer time to drive up coal demand, resulting in a limited release of demand growth. Nevertheless, in the medium to long term, thermal power generation will maintain its dominant position. With the ongoing recovery of the domestic economy and increasing demand for electricity, leading coal enterprises are well-positioned to maintain positive performance.

Looking ahead to 2025, the Group will continue to place equal emphasis on safety assurance, efficiency improvement and environmental protection in its mine development. The Group will further implement its refined operation strategy, fully exploring and capitalising on the core advantages of its own low-sulfur, high-quality thermal coal brand product "Kinetic 2". By staying responsive to market dynamics, the Group will adjust its sales timing and strategies, while expanding into the sales market for coking coal products, striving to effectively improve the Group's operating efficiency and achieve dual growth in revenue and profit.

Looking forward, the Group will continue to uphold the principle of high-quality development. While maintaining steady and efficient growth in its principal coal business, the Group will actively explore and expand diversified ancillary businesses to further enhance its overall operational efficiency and create greater value for shareholders.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased from approximately RMB4,745.1 million for the year ended 31 December 2023 to approximately RMB5,655.8 million for the year ended 31 December 2024, representing an increase of 19.2% as compared with the corresponding period last year. The revenue from the coal mining segment continues to represent a significant portion of the Group's total revenue, amounting to approximately RMB5,368.5 million for the year ended 31 December 2024. In contrast, the other segments such as real estate development, agriculture and animal husbandry and cigar and tobacco still remain in the development stage, contributing approximately RMB287.3 million to the Group's total revenue, representing a tangible increase of approximately RMB276.1 million from the revenue of approximately RMB11.2 million for the year ended 31 December 2023.

Despite the lower average selling price of the Group's 5,000 kcal coal products for the year ended 31 December 2024 compared to the corresponding period last year, the resumption of normal production levels at the Dafanpu Coal Mine was the primary driver behind the increase in the Group's revenue.

Cost of Sales

For the year ended 31 December 2024, the Group incurred cost of sales of approximately RMB2,532.6 million as compared to the cost of sales amounted to approximately RMB1,942.0 million for the year ended 31 December 2023. The cost of sales of the Group mainly comprised salaries of coal mine workers, costs of supplementary materials, fuel and electricity, depreciation, amortisation, surcharges of mining operations and transportation costs.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2024, the Group recorded a gross profit of approximately RMB3,123.2 million and a gross profit margin of 55.2% as compared to the gross profit of approximately RMB2,803.0 million and the gross profit margin of 59.1% for the year ended 31 December 2023.

The increase in Group's gross profit for the year ended 31 December 2024 aligned with the increase in the Group's revenue. The decrease in Group's gross profit margin for the year ended 31 December 2024 was mainly attributable to the decline in coal prices in the PRC during the reporting year.

Other Incomes and Losses, Net

The net amount of other incomes and losses of the Group changed from net losses of approximately RMB27.0 million for the year ended 31 December 2023 to net losses of approximately RMB75.2 million for the year ended 31 December 2024. This was mainly attributed to the impairment loss related to the underperformance of Star Idea and its subsidiaries, the increase in interest income and the decrease in donation for the year ended 31 December 2024.

For the years ended 31 December 2024 and 2023, the Group's net amount of other incomes and losses mainly comprised impairment of goodwill, impairment of other non-current assets, government grants, net foreign exchange differences, net gains/(losses) on disposal of property, plant and equipment and termination of lease contracts, interest income, donation, and net gains from the disposal of financial assets.



Selling Expenses

Selling expenses of the Group increased from approximately RMB16.9 million for the year ended 31 December 2023 to approximately RMB39.7 million for the year ended 31 December 2024, representing an increase of 134.6% as compared with the corresponding period last year. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses. The increase in the Group's selling expenses was mainly attributable to the the increase in sales headcount and advertising expenses in the cigar and tobacco business during the reporting year, particularly given that this business was acquired in the last quarter of 2023.

Administrative Expenses

The Group's administrative expenses increased from approximately RMB257.1 million for the year ended 31 December 2023 to approximately RMB344.1 million for the year ended 31 December 2024, representing an increase of 33.8% as compared with the corresponding period last year. The increase in the Group's administrative expenses was mainly attributable to the increase in lease expenses and professional fees for corporate exercises during the reporting year. The Group's administrative expenses mainly comprised salaries and related personnel expenses of the administrative, finance and human resources departments, consultancy fees, lease expenses and other incidental administrative expenses.

Finance Costs

The Group's finance costs decreased from approximately RMB101.4 million for the year ended 31 December 2023 to approximately RMB82.5 million for the year ended 31 December 2024, representing a decrease of 18.7% as compared with the corresponding period last year. The decrease in the Group's finance costs was mainly attributable to the decrease in average balance of interest-bearing liabilities during the year.

Income Tax Expense

The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income are:

	2024 RMB'000	2023 RMB'000
Current tax – the PRC Deferred income tax – Reversal and origination of temporary differences	659,730 (3,629)	379,977 (11,799)
	656,101	368,178

The details of the income tax expense are disclosed in Note 11 to the consolidated financial statements.

Profit for the Year

The Group recorded a consolidated profit after tax of approximately RMB2,080.7 million for the year ended 31 December 2024, which slightly increased from the consolidated profit after tax of approximately RMB2,072.7 million for the year ended 31 December 2023. Net profit margin declined from 43.7% for the year ended 31 December 2023 to 36.8% for the year ended 31 December 2024.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 31 December 2024, the Group had net current liabilities of approximately RMB157.2 million and has undertaken several acquisitions with prepayments made amounting to approximately RMB2,236.8 million as disclosed in Note 20 to the consolidated financial statements. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be approximately RMB1,347.1 million and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group needs to seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure. In light of our current liquidity position and our projected cash inflows generated from operations, the Directors believe that the Group has sufficient working capital for our present requirements and for the next 12 months.

For the year ended 31 December 2024, the Group's cash at bank were primarily utilized for the development of the Group's Dafanpu Coal Mine, Yong'an Coal Mine and Weiyi Coal Mine. Additionally, it served to manage the Group's indebtedness and fund working capital needs. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and cash generated from operating activities. The Group's gearing ratio were 2.9% as at 31 December 2024 and 7.1% as at 31 December 2023, respectively. This ratio is calculated as net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is equivalent to the total equity.

As at 31 December 2024, the Group's cash at bank and on hand, amounting to approximately RMB629.9 million, were denominated in RMB (97.27%), Hong Kong dollars (2.31%), U.S. dollars (0.41%) and Cambodian Riel (0.01%).

	2024 RMB'000	2023 RMB'000
Current Non-Current	535,720 342,600	1,033,000 269,800
	878,320	1,302,800

As at 31 December 2024, the Group's bank loans amounting to approximately RMB155.1 million were secured by the mining right of Yong'an Coal Mine held by Ningxia Kinetic Mining Co., Ltd. ("Ningxia Kinetic").

As at 31 December 2024, the Group's bank loans amounting to approximately RMB150.0 million secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal will be due in 2025.



As at 31 December 2024, the Group's bank loans amounting to approximately RMB100.0 million secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal will be due in 2025.

As at 31 December 2024, the Group's bank loans amounting to approximately RMB98.3 million were guaranteed by Kinetic Coal, of which bank loans amounting to approximately RMB30.7 million will be due in 2025, and the rest of the bank loans amounting to approximately RMB67.6 million will be due in 2026.

As at 31 December 2024, the Group's bank loans amounting to approximately RMB375.0 million were secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, of which bank loans amounting to approximately RMB100.0 million will be due in 2025, and the rest of bank loans amounting to approximately RMB275.0 million will be due in 2026.

Capital Expenditures

The Group incurred capital expenditures of approximately RMB1,418.8 million for the year ended 31 December 2024, which were mainly related to the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures were financed by a combination of interest-bearing bank loans and internal resources.

Capital Commitments

The Group's capital commitments as at 31 December 2024 amounted to approximately RMB1,347.1 million which were mainly related to purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects.

Charge on Assets

As at 31 December 2024, the Group's total bank loans were approximately RMB878.3 million, among these approximately RMB155.1 million were secured by the mining right of Yong'an Coal Mine held by Ningxia Kinetic, and while which approximately RMB625.0 million were secured by the mining right of Dafanpu coal mine held by Kinetic Coal. The remaining bank loans, totalling approximately RMB98.2 million, were secured by the corporate guarantee of Kinetic Coal.

Off-balance Sheet Arrangement

The Group did not have any outstanding derivative financial instruments and off-balance sheet guarantees for outstanding loans. The Group did not engage in trading activities involving non-exchange traded contracts.

Contingent Liabilities

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

Significant Investments and Acquisitions Taiyuan Hetai Acquisition

On 3 June 2024, the Group has completed the acquisition of 100% equity interest in Taiyuan Hetai Shengrui Real Estate Co., Ltd. ("**Taiyuan Hetai**") for the consideration of RMB220,000,000, which has been set off against the equivalent amount in the prepaid amount by the Group under the agreements on sale and purchase of properties entered into between subsidiaries of Guangzhou Seedland Real Estate Development Co., Ltd. ("**Seedland**") and Kinetic (Qinhuangdao) Energy Group Ltd. (力量 (秦皇島) 能源集團有限公司) ("**Kinetic Qinhuangdao**") in 2022 (the "**Seedland Prepayment**").

Taiyuan Hetai is a limited liability company established in the PRC. It primarily engages in real estate development and sales and is currently developing the Kinetic Yingtong Plaza* (力量盈通廣場), formerly known as the Ziteng Project. Kinetic Yingtong Plaza* is located in the Taiyuan Hi-Tech Industrial Development Zone, with the focuses on commercial buildings with small units ranging from 38 to 110 square meters. The development comprises 12 buildings, ground-level shops, and underground garages, with a total building area of approximately 296,500 square meters. Its strategic location is adjacent to the airport, railway station, and a subway station under construction.

Acquisition of commercial properties in Guangzhou

During 2024, the Group has completed the acquisition of certain commercial properties, which include six commercial units located at No. 16 Huaxia Road, Tianhe District (天河區), Guangzhou, Guangdong Province, with an aggregate building area of approximately 1,182.0 square meters, for a total consideration of RMB45,000,000. After deducting the sales tax payable by the seller from the total consideration, the remaining amount of RMB40,816,000 has been fully set off against the equivalent amount in Seedland Prepayment.

Subscription of Shares in MC Mining

On 26 August 2024, the Group and MC Mining entered into a share subscription agreement of which the Group will conditionally subscribe for shares in two closings for the total consideration of US\$90,000,000.

At the first closing, the Group has completed to acquire 62,102,002 shares representing 13.04% of MC Mining's issued shares at 30 August 2024 for a consideration of US\$12,970,588. At the second closing, the Group will purchase additional shares for a consideration of US\$77,029,412 in instalments, bringing its total ownership to 51% of MC Mining's issued shares. As at the date of this annual report, the Group holds 27.60% of the ordinary shares of MC Mining upon the completion of the first two tranches of second closing.

MC Mining is a company operating in South Africa primarily engaged in steelmaking, coal and thermal coal exploration, development and mining. It has maintained a primary listing on Australian Securities Exchange with a secondary listing on the Johannesburg Stock Exchange. MC Mining's key projects include the Uitkomst Colliery, Makhado Project, Vele Colliery and the Greater Soutpansberg Projects, located in different regions of South Africa.

Upon the completion of the second closing, MC Mining will become an indirectly non-wholly owned subsidiary of the Group and its financial results will be consolidated into the Group. Integrating the management expertise and assets of both the Group and MC Mining will mark a significant milestone in the Company's strategy to expand its global footprint.



Acquisition of Qinhuangdao Jifu

On 6 December 2024, the Group entered into an acquisition framework agreement with Hainan Hangxiao Real Estate Development Co., Ltd. ("Hainan Hangxiao") and other vendors. Pursuant to the acquisition framework agreement, the Group shall acquire 100% of the equity interests in Qinhuangdao Jifu Real Estate Development Co., Ltd. ("Qinhuangdao Jifu") at nil consideration. The amount of RMB564,625,000 payable by the Group for the creditors right held by Guangzhou R&F Properties Co., Ltd. ("R&F Properties") against Qinhuangdao Jifu has been fully set off by the equivalent prepaid amount paid by the Group to Hainan Hangxiao under the property purchase framework agreement signed on 30 May 2022.

Qinhuangdao Jifu is a limited liability company established in the PRC. It principally engages in real estate development and is currently developing a real estate project located south of Songshi Golf, west of Tuofeng Road, and north of Planning Secondary Road 7 (松石高爾夫以南、駝峰路以西、規劃次乾路七以北), Beidaihe District, Qinhuangdao City, Hebei Province. It will include villas, apartments and commercial buildings, with a total site area of 166,900 square meters and a total gross floor area of 87,989 square meters. The project is currently under construction and expected to be completed by 2030.

As at the date of this annual report, the acquisition of Qinhuangdao Jifu has been completed.

Seedlife Acquisition

On 13 January 2025, the Group has completed the acquisition of 100% equity interests of Seedlife Holding Limited ("Seedlife") for a total consideration of RMB423,000,000. After deducting the aggregate of (i) an amount of HKD25,000,000, equivalent to RMB22,770,000, which shall be paid as a deposit under the letter of intent, (ii) an amount of not more than RMB25,000,000 which shall be paid to Seedland Smart Service Group Limited ("Seedland Smart Service") if so requested by Seedland Smart Service within 30 Business Days following the date of the share purchase agreement (the "Further Cash Payment"); and (iii) an amount which equals the difference between RMB77,230,000 and the Further Cash Payment directly paid to Seedland Smart Service (the "Seller") and Mr. Zhang Liang, Johnson, a taxes payable of RMB42,300,000 and an account receivable due from the Seller and its subsidiaries to Seedlife of RMB50,000,000 from the total consideration, the remaining amount of RMB230,700,000 has been set off against the equivalent amount in Seedland Prepayment.

Seedlife is a limited liability company incorporated under the Laws of the British Virgin Islands. It principally engages in property management services through its subsidiaries in the PRC.

Following the acquisition of Seedlife, the Board anticipates it will enable the Group to establish an additional revenue stream, further enhancing the financial performance of the Group.

Maoming Acquisition

Upon the approval from the independent shareholders by way of poll on 3 January 2025, the Group has proceeded to acquire 100% equity interests of each of Maoming Shengda Real Estate Co., Ltd.* (茂名晟大置業有限公司) ("Maoming Shengda") and Maoming Shengcheng Real Estate Co., Ltd.* (茂名晟城置業有限公司) ("Maoming Shengcheng") for a total consideration of RMB70,000,000. After deducting the income tax payable by the seller from the total consideration, the remaining amount of RMB57,750,000 has been fully set off against the equivalent amount in Seedland Prepayment.

Maoming Shengda and Maoming Shengcheng principally engage in real estate development and sales business and the Group could benefit from the future operation and management of Maoming Shengda and Maoming Shengcheng through their ongoing Royal Ivy Phase I and Phase II, respectively.

The Royal Ivy Project is located in Maonan District, Maoming City, Guangdong Province. Phase I includes six buildings for commercial and residential use, covering a gross floor area of 89,572.90 square meters. Phase II comprises three additional buildings covering a gross floor area of 44,158.30 square meters. The Group anticipates completing Phase I by the third quarter of 2025 and Phase II by the last quarter of 2026. Based on current progress, pre-sales for Phase I are expected to launch in the second quarter of 2025.

As at the date of this annual report, the registration of the share transfer of Maoming Shengda and Maoming Shengcheng to the Group is still in progress.

Events after the Reporting Year

The details of the subsequent events after the reporting year are disclosed in Note 42 to the consolidated financial statements. Save as those disclosed in this annual report, the Group has no significant events subsequent to 31 December 2024 that require disclosure.

Financial Risk Management

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and short-term debt obligations with a floating interest rate. As at 31 December 2024, the Group did not hold short-term debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

(b) Foreign currency risk

The Group are not exposed to significant foreign currency exchange risk as their transactions of operation and balances are substantially denominated in their respective functional currencies.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure that the Group has sufficient cash to support its business and operational activities.

Human Resources and Emolument Policy

As at 31 December 2024, the Group had a total of 2,520 full-time employees in the Mainland China, Hong Kong and Cambodia. For the year ended 31 December 2024, the total staff costs, including the directors' emoluments, amounted to approximately RMB425.3 million.

The Group's emolument policies are formulated based on the performance and experience of employees and in line with the salary trends in the Mainland China, Hong Kong and Cambodia. Other employee benefits include performance-related bonuses, insurance and medical coverage, share options and share awards. On 29 November 2022, the Company adopted 2022 Share Award Scheme, which is funded by existing shares of the Company. On 22 May 2023, the Company also adopted 2023 Share Option Scheme and 2023 Share Award Scheme (which only grant of awards involving new shares may be made). On 6 January 2025, the Group granted 263,500,000 awarded shares to employee participants in accordance with the terms of the 2023 Share Award Scheme. Appropriate training programs are also provided to employees in order to ensure continuous staff training and development of employees.

2024 REVIEW OF KINETIC DEVELOPMENT GROUP LIMITED

The Group has been publishing the Environmental, Social and Governance (ESG) report since 2016. This is the ninth ESG report published by us, which was approved by the Board on 25 March 2025 and set out in the Group's annual report. ESG covers a wide range of areas and poses significant impacts on both the long-term business of a company and the overall development of society. Good ESG performance is an essential and important factor in the long-term success and sustainable development of a company.

The business entities included in this ESG report are consistent with the scope of the Company's annual report. The new entities added this year over last year included but not limited to Shanxi Kinetic Yingtong Real Estate Development Co., Ltd.* (山西力量盈通房地產開發有限公司), Taiyuan Hetai and Inner Mongolia Kinetic Coal Washing Co., Ltd.* (內蒙古力量煤炭洗選有限公司), which were incorporated into the Group through establishment or acquisition during the year. This ESG report focuses on disclosing the Group's operation in areas such as responsible operations, production safety and environmental protection during the period from 1 January 2024 to 31 December 2024.

This ESG report follows the requirements of the *Environmental, Social and Governance Reporting Code* (ESG Reporting Code) set out in Appendix C2 to the Listing Rules of The Hong Kong Stock Exchange. Unless otherwise specified, the information and data cited in this ESG report are derived from the Group's official documents, statistical reports and financial reports, as well as ESG information that is collected, aggregated and reviewed by the Group.



RESPONSIBLE GOVERNANCE

1.1 Board statement

The Board is the highest responsible and decision-making body for ESG matters and assumes full responsibility for the Group's ESG strategy and reporting. It is responsible for assessing and identifying the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and proper implementation of the internal control systems. The Group has established an ESG working group, which is responsible for passing the Board's ESG-related resolutions to lower levels, implementing the overall planning of ESG matters and reporting to the Board on work progress and feedback. An enforcement team is set up under the ESG working group, which is responsible for day-to-day ESG management and the gradual establishment of an ESG contact network.

Risk management of ESG-related matters is of utmost importance. The Group has incorporated ESG-related risks into its risk management and internal control systems. Through the Board's understanding of the business and communication with different stakeholders, the Group regularly assesses ESG-related risks. The management and improvement of significant issues are prioritized as its key ESG tasks, and these are incorporated into the Group's overall strategy for consideration, with a view to supervising the management and performance of those issues.

The Group has established an ESG target management mechanism that covers key ESG performance indicators such as carbon emissions, pollutant emissions, energy consumption and water resources management. It also conducts regular reviews to assess progress toward these targets.

This ESG report provides a detailed disclosure of the Group's progress and effectiveness in the ESG work for 2024. The Board and all Directors assure that there are no false representations, misleading statements or material omissions in this ESG report, and they jointly and severally accept responsibility for the truthfulness, accuracy and completeness of its contents.

1.2 Reporting principles

Materiality: The Group communicates with different stakeholders on a regular basis to better understand the ESG-related matters that require the Group's attention from the perspective of stakeholders. The Group conducted a survey of our stakeholders and classified the ESG aspects based on their perceived importance to the stakeholders represented by the Group. Details are set out in section 1.4 of this ESG report.

Quantitative: The Group has prepared measurable key performance indicators (KPIs) with reference to Appendix C2 of the Listing Rules for performance appraisal. Quantitative data presented in this ESG report are accompanied by narrative, explanation and comparison, where applicable. This ESG report is published annually.

Consistency: The Group adopts a consistent approach and obtains social and environmental KPIs from the Group's internal record system.



1.3 Communication with stakeholders

The Group attaches great importance to the communication with stakeholders. The Group disseminates its ESG concepts and practices through various channels and understands the concerns of stakeholders with responsive measures taken to meet their reasonable expectations and demands.

Stakeholders	Expectations and concerns	Communication and response
Government and regulatory agencies	Implementation of national policies, laws and regulations Promotion of local economic development Promotion of local employment Safe production Emissions in compliance Energy conservation and emission reduction Ecological protection Concerns for the impacts of climate change	Submission of documents Advice and suggestions Special reports Inspection and supervision Work reports Submission of reports Research and inspection
Shareholders	Revenue returns Compliance operations	Company announcements Information disclosure Special reports Site visits
Customers and partners	Performing contractual obligations in accordance with laws Business integrity High-quality products and services Promotion of industry development	Business communication Customer feedback Communication and discussion Negotiation and cooperation
Staff	Protection of rights Occupational health Salaries and benefits Career development	Collective bargaining Platform for democratic communication Staff activities
Society and the public	Improvement in the community environment Participation in public welfare activities Open and transparent information	Company website Company announcements, interviews and communication

1.4 Identification of material issues

To further clarify the key areas of corporate ESG practices and information disclosure and enhance the pertinence and responsiveness of the ESG report, the Group has identified ESG issues of concern to stakeholders in light of the requirements of the ESG Reporting Guide of The Hong Kong Stock Exchange. The Group used an anonymous questionnaire to assess the significance of each ESG issue and concluded the extent and boundaries of issue disclosure to ensure more accurate and comprehensive disclosure of ESG information.

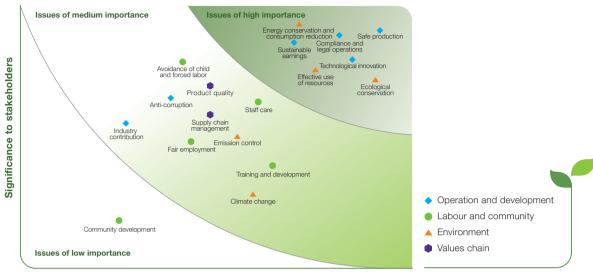
Process for identifying material ESG issues

Identification	Step 1: Collect relevant issues	18 ESG issues were collected. These issues were derived from extensive data source analysis, including the ESG Reporting Guide of The Hong Kong Stock Exchange, Sustainability Reporting Standards of Global Reporting Initiative (GRI), stakeholder opinions, corporate policies and management strategies, industry benchmarking, ESG rating system analysis, internal publications and media reports, etc.
Prioritization	Step 2: Investigate the level of concern	6 key stakeholder groups (government and regulatory bodies, shareholders, customers, partners, employees and community representatives) were invited to complete the questionnaire and rate the significance of each issue from their perspectives.
	Step 3: Analyze the impact on operations	Opinions from the Company's senior management personnel were collected to assess the significance of the issues to corporate sustainability from a corporate perspective.
	Step 4: Prioritize the issues	Based on the analysis results of step 2 and step 3, each issue was prioritized by two dimensions: "significance to stakeholders" and "significance to the sustainable development of the Company", followed by the creation of the ESG materiality matrix and list. The prioritization result will serve as a crucial reference for future strategic planning, target setting and continuous information disclosure.



In 2024, the Group's material issues were as follows:

2024 ESG Materiality Matrix



Significance to the sustainable development of the Company

2024 ESG Materiality List

Importance	Prioritization	Issues	Scope
Issues of high	1	Safe production	Operation and development
importance	2	Ecological conservation	Environment
	3	Compliance and legal operations	Operation and development
	4	Energy conservation and consumption reduction	Environment
	5	Effective use of resources	Environment
	6	Technological innovation	Operation and development
	7	Sustainable earnings	Operation and development
Issues of medium	8	Staff care	Labor and community
importance	9	Product quality	Value chain
	10	Emission control	Environment
	11	Industry contribution	Operation and development
	12	Fair employment	Labor and community
	13	Supply chain management	Value chain
	14	Anti-corruption	Operation and development
	15	Avoidance of child and forced labor	Labor and community
	16	Training and development	Labor and community
	17	Climate change	Environment
Issues of low importance	18	Community development	Labor and community

2. COMPLIANCE OPERATIONS

The Group conducts its business management in accordance with the applicable laws and regulations, strengthens the development of its internal control and compliance culture and increases its investments in research and development (R&D) to continuously promote technological innovation. It also improves the management of coal quality throughout the entire process to provide high-quality products and excellent customer service. By placing great importance on supply chain management, it achieves mutual benefits and win-win outcomes with its suppliers.

2.1 Integrity and compliance

Ethics and integrity are the cornerstones of the Group's success. In strict compliance with the requirements of relevant laws and regulations including the *Company Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and the *Prevention of Bribery Ordinance* (Cap. 201 of the Laws of Hong Kong), the Group strives to eradicate all forms of corrupt practices and adhere to the principle of equal emphasis on "education, supervision, prevention and control". By formulating the Accountability Measures, the Group has strengthened its standardized management, improved the accountability system and established clear responsibility protocols to enhance its employee's sense of responsibility.



To create a fair and equitable management environment, the Group has set up a complaint collection box and offered a whistle-blowing hotline and email address to receive feedback from all its employees. The Group assigns a designated person to collect and sort out the reported information regularly and maintains strict confidentiality on the identities of whistle-blowers. Investigative procedures for the report will be initiated based on the actual situation with a high degree of accountability.



In 2024, the Group conducted 3 training sessions related to integrity awareness education. Participants included the Company's directors, senior management and employees at professional technician roles and above. Through the interpretation of laws and regulations and the sharing of practical cases, the training emphasized the need to maintain constant vigilance and strengthen red-line awareness and bottom-line thinking. The training aimed to further reinforce the red-line awareness among all employees of the Company, ensuring they remain committed to their original intentions and missions, collectively creating a corporate environment of Integrity in an effort to drive the Company's high-quality development.

In 2024, the Group had no litigation cases related to corruption.



2.2 Technological Innovation

Adhering to the goals of safety, environmentally friendly, energy-saving, green and efficient construction, the Group makes every effort to grow into a scientifically and technologically innovative enterprise.

As a nationally recognized High-Tech Enterprise, Kinetic Coal obtained 9 utility model patents in 2024. Since 2021, the coal mine intelligent construction began, and the intelligent construction of the entire mine was completed and passed acceptance as of October 2023, followed by the acceptance of the intelligent construction of the coal processing plant in December 2024.

In 2016, the Group established an automation innovation studio with high-tech talents as its core elements. The innovation studio was rated as an advanced studio by Ordos in 2017. A technology team, a publicity team, a liaison team and a R&D team have been set up under the science and technology innovation studio, consisting of technical backbones and management personnel from ten departments. In 2024, under the call of the Company's management and mine leaders, they fully engaged employees' enthusiasm and creativity for innovation work, which significantly promoted technological innovation and comprehensively improved the quality and level of innovation work, leading to accelerated technological breakthroughs. In 2024, the innovation studio submitted 64 project applications, won 53 awards and generated a direct economic value of approximately RMB7.80 million. Through continuous investment in technological innovation and R&D of technological innovation projects, the Group leveraged technology to improve the production environment, enhance energy-saving efficiency and ensure the safety of its employees during production.

The Group attaches great importance to the protection of intellectual property rights and strictly abides by relevant laws and regulations, such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. While continuously improving the Group's independent innovation level, it eliminates all acts that infringe or endanger the legitimate rights and interests of the Group's intellectual property rights.

In recent years, the Group has carried out innovative research on the fully mechanized top-coal caving mining method for full-seam coal. This technology has now been fully applied to the practical mining process of the Dafanpu Coal Mine. Such technological innovation has avoided dangerous factors in the mines caused by hazards, such as flooding, fire, gas and roof collapse, when using the strata mining method to mine in ultra-thick coal seams. It brought down 50% of the workload for roadway preparation, reduced the frequency of relocating working sites and saved water and electricity required for extraction. It also reduced the surface subsidence caused by an extraction, avoided secondary damage to the surface environment and improved the greening efficiency of the reclamation area.

During the year, the Group has continuously carried out technical innovation improvements and strictly conducted reviews and screenings according to the application standards for innovation projects. At the Dafanpu Coal Mine, the Group developed nearly 30 subsystems with comprehensive 4G+5G network coverage. The mine was equipped with a 10-gigabit main ring network, a data center, a computing center, an integrated automation system, an intelligent integrated control platform, a main coal flow monitoring system, belt conveyor inspection robots, and intelligent mining and intelligent tunnelling technologies. The mine's integrated support systems for ventilation, drainage, compressed air and power supply have all achieved remote control and autonomous operation. Disaster monitoring and early warning systems for flooding, fire, gas, dust and roof-related hazards feature interactive capabilities, including evacuation route planning, emergency simulation, personal equipment alerts and mobile alerts. This enabled a transition from "high-risk production" to "inherently safe operations" and from "scale production" to "quality and efficiency", thereby achieving high-quality development of the coal mine.

2.3 Provision of quality products

The Group complies with relevant laws and regulations such as the *Product Quality Law of the People's Republic of China* and inspects coal quality in strict accordance with national standards. Coal quality inspections – covering when coal was extracted from mines, transported to shipping stations and ports and loaded onto ships – remained stable throughout the year for the Group. There was no product sold or delivered return in relation to safety and health issues. During the reporting year, the Group had no violations of product and service liability, advertising, labelling and privacy matters or remediation methods that had a significant impact on the Group.



The Group has built a coal processing plant in the mining area of the Dafanpu Coal Mine with an annual processing capacity of over 6.50 million tonnes of raw coal. Through high-standard systems for raw coal, dedusting, washing, medium, coal slurry water treatment and product storage and transportation, it ensures that the product quality pass rate is maintained at 100%. The Group has formulated the *Coal Quality Management System for Coal Processing Plants* and formed a leading team for coal quality management for the coal processing plant, under which a coal quality supervision and inspection agency and a coal quality management and enforcement agency were set up to strengthen end-to-end quality control. Each shift assigns coal quality inspectors to key control points in the production system for inspection, promptly addressing any issues that arise on-site. In addition, the coal processing plant has built the Rockwell PLC centralized control system, a heavy medium density automatic adjustment system, an industrial video surveillance system, a dispatch communication system, an unattended transportation and sales management system, a main equipment power monitoring system and an online monitoring system for pump equipment above 220KW to continuously improve the level of automated monitoring and management.

The Group strongly supports the national efforts to comprehensively control air pollutants, striving to provide customers with more environmentally friendly and high-quality fuel to reduce sulfur dioxide emissions. The Group's clean coal products have sulfur content in compliance with national requirements (below 0.6%) and feature stable quality indicators. The Group has a quality control system for all products sold. Product quality shall be in line with the safety and health rules and remain stable for a long period of time. The Group's coal product "Kinetic 2" is of high quality and environmentally friendly, characterized by low sulfur content, high flammability and high calorific value. These characteristics make it highly efficient and allow it to be supplied to coal-fired units. Moreover, it is widely used in papermaking, cement, iron and steel, building materials, ceramics, etc.

2.4 Enhancement of service quality

Product quality is the cornerstone of reflecting the corporate brand and the core to enhance the brand's operating value. The Group insists on providing customers with quality service to maintain long-term and stable partnerships. Focusing on the professional skills and business qualities of the sales teams, the Group conducts regular business training for sales personnel to ensure smooth and effective communication between business personnel and customers; upholds the trading principles of the coal market and scientifically streamlines the coal sales process to provide customers with more convenient services and enhance customers' satisfaction; conducts regular follow-ups with customers to proactively understand any issues and feedback that arise during the purchasing and use of its products. During the reporting year, the Group did not receive any customer complaints.

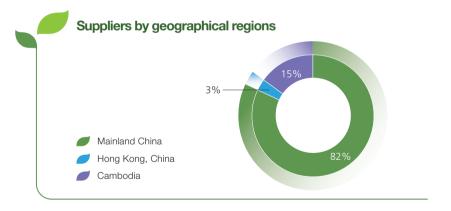
Since 2021, the Group has established a customer rating mechanism, which was adopted to rank the Group's customers by assessing their qualifications, payment ability, credit, business categories, risk-taking ability and the duration of the partnership. As cooperation progresses, customer ratings are adjusted accordingly. The assessment criteria are also modified to adapt to the evolving development and changes in the market environment and requirements to foster stronger collaboration with quality clients while enhancing the Group's ability to prevent and manage market risks. In addition, with a focus on customer privacy protection, the Group strictly regulates customer information and archive management. The Group has developed detailed operational and service practices to safeguard customers' privacy. The Group requires employees to fully comply with the principles of handling clients' confidential data and prohibits employees from any unauthorized copying, dissemination or disclosure of confidential information to minimize the risk of data leakage.

2.5 Supply chain management

The Group attaches great importance to supplier management and has formulated the Supplier Management Measures, which sets forth the admission standards for qualified suppliers. The assessment criteria are adjusted in response to the ongoing development and changes in the market environment and requirements, ensuring a rigorous selection and assessment process that guarantees the reliability of purchased materials, fair pricing, and timely service. The suppliers' environmental protection and safety performance have been also included in the assessment criteria. According to the material demand plan and the type of materials of the production department, procurements of materials are generally conducted by way of bidding, price enquiry and comparison and targeted procurements. All procurements of materials are subject to the signing of purchase agreements.

The Group's supplier assessment criteria mainly focus on six aspects, namely basic qualifications (including health, safety, environmental management and fulfilment of social responsibility), production and inspection capability, warehousing and transportation capability, R&D capability, quality assurance system and after-sales service system. Provided that the comprehensive rating of the suppliers meets the technical requirements, the Group will give priority to suppliers that offer more environmentally friendly products.

The Group adopts a rating system for its suppliers. Suppliers are evaluated every six months based on factors such as quality, delivery time, pricing and service, followed by an annual overall assessment to rank suppliers. For suppliers with excellent ratings, the Group offers priority of payment as an incentive and more transaction opportunities; for suppliers with poor ratings, the Group provides guidance to help them improve for a collective industrial development with suppliers. In 2024, the Group had suppliers across Mainland China, Hong Kong and Cambodia, and engaged in transactions with a total of 670 suppliers during 2024.





SAFE PRODUCTION

As a coal mining enterprise, the Group always places safety as its top priority. The Group strictly complies with relevant laws and regulations such as the *Production Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China*, the *Regulations on the Basic Conditions for the Safe Production of Coal Mines* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. The Group aims to build intrinsically safe mines and complies with the production safety policy of "comprehensive management with safety and precaution first". The Group fulfills its primary responsibility for production safety by conducting hierarchical risk controls of its coal mines as well as the identification and management of hidden dangers. It also strengthens on-site safety management, putting more effort into safety training to ensure occupational safety and health. In 2024, the Group's investment in safe production and occupational health amounted to approximately RMB50.33 million.

3.1 Safety management system

Management is the key to safety. A comprehensive and efficient safety management system is a guarantee of safe production. The Group has established health and safety working groups at all levels, from the Board to the production lines of its coal mines, tasked with executing and overseeing health and safety work. This has formed a multi-level health and safety management system, organizational structure and staffing. The Group has developed a scientific and efficient safety management system that conducts responsibility-oriented safety management and applies high standards to enhance safety. Based on the safe production accountability system, this safety management system adopts hierarchical controls for safety risks to identify and control hidden dangers, while also emphasizing electromechanical safety and ground safety. Through lean management and a commitment to building a safety culture, the Group has established a holistic safety management system that involves all employees, processes and areas.

The Group manages its operations through established regulations and fulfills safety management responsibilities by formulating a number of regulations such as the Accountability Measures. In 2024, the Group formulated comprehensive safe production management regulations, which are strictly implemented during the production process so that all work can be kept on track.

Aiming to become the representative and benchmark of advanced coal production, the Group adheres to new development concepts by constantly consolidating safety foundation, making every effort to improve technology, process and equipment and optimizing design to achieve intensive, safe, efficient and green mining. The Group's Dafanpu Coal Mine has been rated as the "National Class 1 Safe Production Standardised Coal Mine" by the National Mine Safety Administration, honoured with the title of "Premium Safe and Efficient Mine" by the China National Coal Association, and received the honour of "Class A Coal Mine" of Zhunge'er Banner for consecutive years.

3.2 On-site safety management

The Group's on-site safety management is reflected in various stages: based on the *Potential Safety Hazard Identification and Control Measures*, the Group appoints managers and technical personnel to regularly analyze security risk control and identify and control potential safety hazards in order to enhance the standards for safe production. The Group strictly controls the production process and has established relevant mechanisms such as the *Management Mechanism for Mine Operations* to impose stringent requirements on all aspects of on-site operations. In addition, the Group has also strictly implemented the policy of "one ventilation and three preventions" to create good on-site operating conditions and provide basic guarantees for safe production. The Group has set up a safety monitoring system, a personnel location system and a part-time first-aid team to enhance safety protection and its emergency response capability.

Checklist of "one ventilation and three preventions"

"One Ventilation"

One Ventilation: All ventilation facilities in mines (adjustable wind doors, adjustable wind windows, windshield and permanent enclosures) are inspected once a week, with all records and statements updated accordingly. A complete ventilation measurement is performed throughout the mine once every 10 days with comprehensive documentation. Ventilation facilities are installed immediately following tunnel connections, and the ventilation system is adjusted accordingly to ensure the stability and reliability of the mine ventilation system.

"Three Preventions"

Gas prevention and control: Each shift includes 3 dedicated gas inspectors who perform patrol inspections at all operational sites in the mine according to a predetermined gas inspection plan. The gas inspectors strictly follow the onsite handover and reporting systems to prohibit gas accumulation. Any issues that arise during the shift should be reported and handled in time to ensure effective gas prevention and control in the mine.

Dust prevention: Dust monitoring is carried out at each dust monitoring site through sentinel surveillance and individual surveillance on a monthly basis in accordance with the layout plan of the dust monitoring site. The total dust concentration is measured twice a month, and the concentration of respiratory dust is measured once a month. Dust dispersion and free silica content in the dust are measured once every six months. Dust sensors are installed at all mining sites, transfer sites and crushing stations as required and connected to the safety monitoring system, achieving 24-hour continuous monitoring of dust concentration. The roadways under departmental oversight are sprinkled for dust removal every month according to the roadway rinsing cycle plan.

Fire prevention and control: Designated personnel will be arranged to conduct an inspection of the permanent closure of the mine once a week and conduct manual sampling to perform beam tube analysis. Each mine will be inspected once a week at its respective fire detection points, and a forecast of the natural fire prediction of the mine will be carried out once a week in accordance with the regulations. Based on the test results and the analysis of the beam pipe, it is judged whether there is a sign of fire at its respective fire detection points, and effective measures will be taken. Comprehensive fire prevention and control measures are implemented in strict accordance with the *Special Design on Mine Fire Prevention and Control*, with oversight on the execution of these measures.



In 2024, the Group made continuous improvements to its safety risk hierarchical controls, intensifying efforts to identify and rectify hidden dangers. It organized 87 self-inspections and daily inspections in the mines and identified 837 hidden dangers, which ensured the safe and efficient development of the Group. The Group adopted a solution that targets five areas of implementation requirements of "measures, responsibilities, funding, time limits and contingency plans" for all identified hidden dangers. The rectification rate of hidden dangers was 100%. In addition, the Group further improved its management of the part-time first-aid team. Combined with the regulations on mine rescue operations and the requirements for the standardized assessment documents on the quality of the mine rescue team, the Company has established a training mechanism of "monthly training" for the part-time first-aid team, focusing on emergency knowledge such as bandage and the use of oxygen ventilators for injured persons, and strengthening the management of the equipment for rescue operations to ensure good condition of first-aid equipment and further enhance the work level of part-time first-aid team, as well as the emergency response management work. Over the past three years, the Group has not experienced any major safety accidents or work-related fatalities. In 2024, the total number of workdays lost due to injuries was 0.

3.3 Safety training and education

To implement the Safety Training Regulations for Coal Mines and the Notice of the State Administration of Coal Mine Safety Supervision on Carrying out Safety Training and Improvement for Coal Mines and Promoting the Quality Improvement of Coal Mine Employees, the Group has formulated the Training Management Regulations, Internal Trainer Management Regulations and Practical Training Management Measures (Trial) to improve the Group's safety training system, clarify the responsibility for safety training at all levels and establish a mechanism for the selecting and motivating internal trainers, so as to provide a fundamental guarantee for comprehensively enhancing the comprehensive quality of employees.

The Group conducted 1,244 safety training sessions throughout the year with 1,342 participants and over 1,866 training hours in total. The training topics mainly covered general management training, talent development programs, technical personnel assessment, practical training, specialized training by job type, safety training for departmental employees, skill evaluations, professional skills competitions, etc.

The Group has established the One Staff, One File system for safety training, and implements a safety training program every term to standardize safety training and education. All employees of the Group are required to conduct pre-job safety knowledge training before they report for duty. To enhance the safety awareness of employees, the Group organizes training for employees every year, holds regular work safety meetings and issues safety reminders before work every day, so that employees can keep in mind the safety risks and precautions of their posts. In 2024, the Group insisted on strengthening itself with skills by focusing on improving the quality of its employees and enhancing their safe operation skills. Throughout the year, the Group organized 38 practical assessments for technical personnel, 19 general management training sessions, 12 talent development training sessions, 26 specialized training sessions by job type, skill assessments and technical competition for 12 types of work (engaging 259 participants). The Group also arranged for participation in 2 municipal and banner-level vocational skills competitions. The departments organized 721 employee training sessions and 211 practical skills training sessions, with 2,654 employees undergoing operational process spot checks. As of 2024, 30 senior workers and 108 intermediate workers have been selected. In 2024, the Group sent 16 key technical personnel to participate in municipal and banner-level vocational skill competitions, with 8 individuals receiving excellence awards.



The Group carried out a mine-wide Safe Production Month campaign with the theme of "Safety Awareness and Emergency Preparedness – Maintaining Clear Emergency Routes" in 2024. The campaign included a kick-off ceremony and pledge ceremony of the Safe Production Month, monthly accidents and hidden danger investigation activities, seminars on safety knowledge (regarding a three-year action plan for fundamental safety production improvement, safety production regulations, etc.)), the seminar on unsafe behaviors, hazardous and educational training for employees, safety consultation days and safety knowledge quizzes, emergency drill activities, the 10th "Safety and Health Cup (安康杯)" knowledge contest, etc. The Safe Production Month campaign comprehensively improved all employees' awareness of safety and responsibility, strengthened the safety management of mines and laid a solid foundation for safe production throughout the year.



3.4 Occupational health and safety

Production safety should be people-oriented as the health and safety of all employees are vital to the development of the Group. In accordance with the provisions of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Group provides employees with personal protective equipment in line with national and industry standards. In accordance with the Regulation on Work-Related Injury Insurance, the Group has formulated and continuously revised the Work-Related Injury Management System to protect the legitimate rights and interests of employees who have suffered work-related injuries. The Group organizes regular health check-ups for employees to enhance occupational health monitoring and management. Furthermore, the Group places a strong emphasis on the health, safety and environmental protection management practices of contractors, requiring them to establish a health, safety and environmental protection management system and strictly adhere to industry regulations and standards.

In 2024, the Group conducted its annual assessment of occupational diseases and hazards at the workplace in accordance with the provisions of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. The assessment report and relevant data were uploaded to the occupational diseases and hazards reporting system to finalize the 2024 submission. A promotional week for the Law on Prevention and Control of Occupational Diseases was organized, providing employees with training to learn about the law and the knowledge of occupational disease prevention and treatment to improve self-protection awareness and ability among employees. In 2024, the Group updated 594 occupational health records and improved the process for retrieving files of resigned staff. The Work Plan and Implementation Plan for Occupational Hazard Prevention in 2025 has been formulated to standardize personal protective measures for workers, achieving a 100% rate of occupational health check-ups for employees.

4. GREEN ENVIRONMENTAL PROTECTION

The Group has consistently embraced a green mining development model that emphasizes efficiency, environmental friendliness and harmony with the mining area. It strictly abides by relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Promoting Clean Production* and the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*. Green concepts are woven into the design, construction and production processes, with ongoing initiatives for resource conservation and environmental protection. Alongside its green mine construction efforts, the Group's environmental protection initiatives have now advanced to a new level.

In 2019, the Group's Dafanpu Coal Mine successfully passed the comprehensive green mine selection and became one of the first coal mines included in the Green Mines Selection List 2019, establishing a benchmark position in the industry. In 2023, it received recognition as the Advanced Enterprise in the Construction of Green Mines in Zhunge'er Banner and was promoted to Advanced Enterprise in the Construction of Green Mines in Ordos City in 2024. In early 2024, it was selected as a model case study at the special exhibition of the Department of Natural Resources of Inner Mongolia Autonomous Region and was featured at the special exhibition of the Geological Museum of China. In 2024, a training conference on green mines was held in Jungar Banner of the Inner Mongolia Autonomous Region, where leaders from the Inner Mongolia Autonomous Region, administrative departments of various leagues and cities and mining enterprises visited the Dafanpu Coal Mine to observe green mine construction. The innovative achievements received high praise from the leaders of the Inner Mongolia Autonomous Region for being "replicable and promotable". These phased achievements indicated that the Dafanpu Coal Mine has upgraded from a local demonstration mine to a model for green mining development at the regional level of the Inner Mongolia Autonomous Region, providing a practical paradigm for the transformation of resource-based mining areas nationwide.

4.1 Energy conservation and consumption reduction

As a coal production enterprise, the Group has been paying attention to energy consumption in production. The Group strictly abides by the *Energy Conservation Law of the People's Republic of China*. As a coal production enterprise, the Group has been paying attention to energy consumption in production. To conscientiously implement and promote major decisions and arrangements for energy conservation and emissions reduction, the Group adheres to relevant laws and policies, including the *Energy Conservation Law of the People's Republic of China* and the *Energy Conservation and Emissions Reduction Work Plan of the 14th Five-Year Plan*. By aligning with the fundamental national policy of energy conservation and emissions reduction, it further improves its mechanisms for energy conservation and emissions reduction and green and low-carbon policy. It also promotes the improvement of energy utilization, strengthens internal electricity management and employee control and establishes itself as a conservation-oriented enterprise to facilitate its green and sustainable development. In response to the fundamental national policy of energy conservation and emissions reduction, the Group strengthens internal electricity management and employee control and establishes itself as a conservation-oriented enterprise to facilitate its green and sustainable development.



In 2024, the Group revised the *Electricity Saving Management Measures for the Dafanpu Coal Mine*, clarifying the responsibilities of the electricity-saving leadership team and the electricity-saving office. Energy consumption was statistically analyzed, and energy and electricity consumption indicators were established and implemented. Through technological transformation and reform, the Group adopted more energy-efficient machinery and equipment to reduce energy consumption and strengthened equipment operation management. Under the premise of securing safe production, the Group optimized the production and maintenance time and reduced the idle running time and electricity consumption. In July 2024, the Group obtained the Energy Management System Certification. The new variable frequency drive (VFD) equipment and renovation projects for 2024 included: the VFD renovation for 221 raw coal belt conveyors in the screening workshop, the VFD renovation for rear scraper conveyors in the 61203 mining site and the local ventilation fan in the 62101 tunneling site, resulting in electricity savings of approximately 1,473,120 kilowatt-hours. The newly added photovoltaic installed capacity for 2024 was 6.4MW, with an annual photovoltaic power generation of 987,500 kilowatt-hours.

In 2024, the Group's total energy consumption was approximately 20,800 tonnes of standard coal, and the energy consumption per RMB10,000 of output was 0.097 tonne of standard coal. Water consumption was 1,166,300 tonnes, with water consumption per RMB10,000 of output at 5.46 tonnes. In 2025, the energy consumption target is to reduce coal consumption to approximately 20,600 tonnes of standard coal and water consumption to approximately 1,140,000 tonnes. The Group intends to achieve the goal by overhauling boilers to enhance thermal efficiency and optimizing water usage to prevent water waste due to water running, leaking, dripping and seepage.

Energy consumption of the

Indicator	Unit	2024	2023
Total electricity consumption	10,000 kWh	8,067	7,410
Coal burned	tonne	12,183	12,900
Gasoline	liter	52,570	45,820
Diesel fuel	liter	1,367,125	1,228,571

4.2 Emission management

The Group attaches great importance to the management of waste discharge generated in the course of operation and strictly complies with laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Law of the People's Republic of China on the Prevention and Control of Water Pollution as well as the requirements of environmental protection. The Group adopts scientific measures for environmental impact protection and governance and reduces the generation and disposal of waste through technological measures and recycling.

In 2024, the Dafanpu Coal Mine engaged a third-party testing agency to conduct monthly testing on emissions from the mine boiler room for a total of 12 times; a quarterly test for particulate matter were conducted in 3 areas for non-organized emissions in the plant for a total of 4 times; the noise monitoring of the plant area was conducted once a quarter for a total of 4 times; in 2024, the waste gas from coal slime drying furnaces was tested once a quarter; the boiler desulfurization wastewater was tested once a quarter. The testing results showed that the relevant indicators were in compliance with the standards. In addition, domestic wastewater was treated and thereafter reused to the coal washing plant, realizing zero discharge of wastewater. In 2024, the Group's direct (scope 1) greenhouse gases (GHG) emission was 10,250 tonnes, and direct (scope 1) GHG emission per RMB10,000 of output was 0.039 tonne; energy indirect (scope 2) GHG emission was 89,100 tonnes, and energy indirect (scope 2) GHG emission per RMB10,000 of output was 0.37 tonne. In 2025, the Group will, in accordance with climate change and production needs, further reduce GHG emissions by reducing coal consumption in a timely manner and increasing the number of trees planted in reclamation areas.

Wastewater

The Group complied with the requirements of the *Yellow River Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and treated wastewater in strict accordance with national standards. After the coal mine wastewater is processed at a treatment station to meet required standards, it is used for production, landscaping and dust reduction and provided to boilers and bathrooms through newly built water purification facilities. When domestic sewage is processed at a sewage treatment station to meet the water quality standards for coal washing, it is pumped into the recycling pool at the coal processing plant through a pressurizing pump. The annual volume of water recycled was approximately 97,300 cubic meters. The treated mine water is stored in water pools in the mining areas for reclamation of subsided areas.

In 2025, the Group will maintain the efficiency of sewage treatment with an aim to constantly achieve the goal of zero discharge of wastewater.

Solid waste

General wastes generated in in the Group's production operations include coal gangue produced during the mining process, slag and fly ash from boiler combustion and food waste from the canteen. Hazardous wastes consist of waste mineral oil and waste oil barrels from machinery maintenance. The Group strictly abides by the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, managing waste disposal in accordance with national standards to avoid pollution. Coal gangue is repurposed for land reclamation, ecological restoration and the production of building materials. All slag and fly ash are repurposed for producing building materials. Domestic waste is collected and handed over to a qualified waste disposal company for processing.

As for hazardous wastes, the Group has established a qualified hazardous waste storage facility at the coal mine according to the Environmental Protection Agency's requirements for hazardous material management, and it has been approved by the agency. Daily waste oil generated at the coal mine is stored in the hazardous waste storage facility and taken up by a qualified third party under the supervision of the environmental protection authority when reaching a certain amount. Waste oil barrels are collected and disposed of at no cost by the supplier.

In 2025, the Group targets to increase the recycling rate of hazardous wastes by 5% compared with 2024.



In 2025, the solid waste discharge targets are to reduce boiler ash to 1,000 tonnes, fly ash to 200 tonnes, and the discharge of gangue is estimated to be 750,000 tonnes. To achieve these targets, the Group will timely adjust the operation of boilers based on the changes in weather to reduce the coal consumption by boilers; adjust the coal layer height of boilers based on the coal quality to ensure efficient combustion, thus reducing the generation of boiler ash and fly ash; strengthen coal caving management in mining sites to reduce gangue generations; strengthen washing management to eliminate coal loss and reduce gangue discharge; improve the overall gangue utilization rate and reduce gangue discharge through manual kaolin selection and gangue brick production. Solid waste production of the Group was as follows:

Indicator		Unit	2024	2023
Hazardous waste generation	waste mineral oil (machine oil, lubricating oil, etc.)	tonne	16.22	15.21
	waste oil barrels waste lead-acid batteries waste oil-soaked rags	tonne tonne tonne	2.41 1.14 0.13	3.02 N/A N/A
	waste machine cores	tonne	0.96	N/A
Non-hazardous waste generation	sludge in water treatment boiler ash fly ash food waste other production wastes (mainly coal gangue)	tonne tonne tonne tonne 10,000 tonnes	187 1,509.90 383.19 38.60 59.09	164 1,322.55 276.50 35.40 75.01
Intensity of hazardous wastes generated		tonnes per RMB10,000 output	0.01	0.01
Intensity of non-hazardous wastes generated		tonnes per RMB10,000 output	3.89	3.89

In 2024, the Group continued to implement the *Repairing the Old and Using the Waste Policy*, strictly controlled material consumption and strengthened the management of "repairing the old and using the waste" efforts to fully explore the residual value of waste materials and old equipment. In 2024, the Group's production value through repairing the old and using the waste was approximately RMB1,859,100, which effectively reduced production costs and fostered environmental awareness among employees regarding material conservation and emissions reduction.

Exhaust gas

According to the *Air Pollution Prevention and Control Action Plan* and under the strict requirements of national environmental protection, the Group launched the dedusting and desulfurization treatment on boiler flue gas, which was discharged after related standards were met. The Group employed third-party detection agency to detect the flue gas and dust particles every quarter and submitted related reports to the environmental protection authority for review. In 2024, exhaust gas emission from boilers by the Group was 125.0214 million standard cubic meters, of which, sulfur dioxide (SO₂) was 12.65 tonnes, and nitrogen oxide (NOx) was 19.47 tonnes. The target for exhaust gas emissions in 2025 is to maintain the same level as in 2024 without significant increases

In 2024, there was no incident of non-compliance with relevant laws and regulations and relevant policies that had a significant impact on the Group in relation to emissions.

4.3 Ecological protection

The Group is committed to creating a modern mine that is "safe, environmentally friendly, green, energy-saving and efficient". It focuses on the comprehensive development and utilization of mineral resources, taking environmental protection, ecological restoration and green mine construction as its responsibilities. The Group prevents soil erosion and protects land resources in strict compliance with the Law of the People's Republic of China on Water and Soil Conservation, the Land Administration Law of the People's Republic of China and the Regulation on Land Reclamation. The Group has taken the necessary environmental protection measures, earnestly fulfilling its responsibility for mine environmental restoration, and has developed and implemented plans for environmental protection and restoration at mines. The geological and environmental recovery of mines is satisfactory, and there have been no incidents regarding geological or environmental disasters in recent years.

The Group's mining activities require the use of a portion of land. After mining is completed, the group will restore the land and vegetation through land reclamation and vegetation recovery measures. The Group attaches great importance to ecological construction, consistently maintaining the greening of the area. In 2024, the Group continued to strictly abide by environmental protection requirements and planted nearly 1,308 trees, approximately 40,046 shrubs and approximately 204,204 ground covers in the reclamation area. In waste drainage and subsided areas, it planted approximately 14,600 pine trees and sowed approximately 2,600 acres of grass seeds, contributing to the treatment and ecological restoration of the mine subsided areas. The green surface planting rate in the mining areas reached 99%. As of the end of the reporting year, the Group has planted 110,253 trees and 213,000 shrubs, covering 48,049 square meters of land. Meanwhile, according to the Reclamation-Ecological Agriculture development model, the Group continuously carried out the construction of an apple farm and vineyard, with 880 acres of apple farm and 500 acres of vineyard being planted in aggregate as of the end of the reporting year.



In recent years, the Group set the goal of building green mines and has actively carried out geological environmental governance and green mine construction. This effort has continuously strengthened the effectiveness of ecological governance, yielding positive economic, social, and ecological outcomes – ensuring the supply of coal resources, driving local economic growth and creating an ecological barrier in the north border of China, thus fulfilling the social responsibility of private enterprises through practical actions. On 25 December 2019, the Dafanpu Coal Mine officially achieved recognition in the national selection for green mines in 2019 and was included in the list of green mines in China.

The Yong'an Coal Mine and the Weiyi Coal Mine under Ningxia Kinetic strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Water and Soil Conservation*, the *Land Administration Law of the People's Republic of China*, the *Measures for the Implementation of the Regulation on Land Reclamation* and other relevant laws and regulations. The *Environmental Impact Report*, the *Mining Geological Environmental Protection and Land Reclamation Plan* and the *Soil and Water Conservation Plan* have been approved by relevant government departments, and management and construction have been strictly in compliance with the requirements.

In addition, the Group conducted the business of production, operation and sales of cigars and tobacco in Cambodia by acquiring and subscribing equity interests in Star Idea. The Group is also committed to fulfilling social responsibilities in such business segment and attaches great importance to the implementation of environmental assessment and ecological protection. To minimize the environmental impact of cigar and tobacco production activities, the Group actively cooperates with environmental inspections organized by local environmental protection departments and synchronizes the environmental protection standards of its factories and production facilities in real time. In addition, the Group also actively contributes to environmental protection funds and is keen to support local environmental protection projects and initiatives. It modestly contributes to the promotion of sustainable development and ecological protection.

The integrated processing of cut tobacco and cigarettes within the scope of the Group's business does not produce any waste gas or emissions. The Group has adopted the most advanced MPBC-type pulsejet flat bag dust collectors in the tobacco industry to collect and process the dust generated during the production process in real time. It has also introduced professional wastewater treatment systems that treat sewage simultaneously. Sewage is discharged only after passing inspection by the local environmental protection authority.

4.4 Climate change

Environmental risks are closely related to climate change. As a major challenge to the sustainable development of human society, climate change is receiving growing attention from the international community. As domestic policies continue to be introduced, stakeholders are increasingly demanding action on climate change and the promotion of low-carbon development. We outline our current efforts and future direction for addressing climate change in the aspects of governance, strategy, risk management and indicators and targets.

Governance

In terms of governance, the Board of the Group is the highest responsible and decision-making body for ESG matters and assumes full responsibility for the Group's ESG strategy and reporting. It is responsible for assessing and identifying the Group's ESG-related risks, including climate-related risks, and ensuring that appropriate and effective ESG risk management and proper implementation of the internal control systems.

Strategy

Climate-related risks include risks associated with the transition to a low-carbon economy (hereinafter referred to as "**Transition Risks**") and risks related to the physical impacts of climate change (hereinafter referred to as "**Physical Risks**"). Transition risks can be further categorized into policy and legal risks, technological risks, market risks and reputational risks. Physical risks include acute risks (such as extreme weather events like typhoons and floods) and chronic risks (such as prolonged heatwaves due to changing climate patterns).

Туре	Climate-related risks	Our responses
Physical Acute Risks	Sudden extreme weather events like heavy rain and typhoons may trigger a series of risks, including production shutdowns or reductions, supply chain disruptions and difficulties in product transportation, all of which can lead to decreased operation stability, increased costs and reduced production capacity;	When developing new mining areas and installing new facilities, extreme weather factors were taken into account, and the operating status of coal production facilities was regularly inspected to ensure the safe and normal operation of the equipment;
	Significant extreme weather disasters are also highly susceptible to damage to production equipment and result in employee safety incidents, thereby increasing adverse factors.	We provided employees with relevant working protection materials and equipment and formulated emergency plans in relation to extreme weather and the <i>Timely Evacuation Plan during Emergencies like Heavy Rain and Floods</i> , together with regular drills to improve employees' emergency response capabilities.
Chronic	Prolonged changes in climate patterns (such as sustained high temperatures) may lead to higher operational costs and equipment maintenance and repair costs due to greater cooling demands in summer, as well as the cost investments associated with subsequent adjustments to energy consumption structures.	We strengthened the prevention of relevant risks and emergency management efforts by regularly monitoring the climate conditions of the mining area and staying updated on real-time climate change alerts.



Туре	Climate-related risks	Our responses
Transition Policy Risks and Law	As policies are refined and implemented, regulatory authorities will inevitably adopt increasingly stringent measures to limit GHG emissions and strengthen disclosure requirements for GHG emissions.	We stayed informed about industry trends and policy changes and adjusted business development directions to align with the policy in a timely manner.
Technology	The innovation and iteration of production technology to address environmental requirements and the R&D innovation process may lead to new technology investments or higher upfront costs for the adoption/deployment of new operations and processes.	We continued to promote low-carbon technology transformation, optimized operational strategies and stayed updated on the latest developments and iterations of related technologies.
Market	As a result of policy and market guidance, along with customers' growing awareness about low carbon and environmental protection, there may be a shift towards greener products among customers, such as the use of new energy alternatives, which will affect the Group in the downstream of the supply chain.	We explored and used more energy-efficient and resource-saving green production technologies to develop new coal products that have lower emissions and reduced energy consumption.
Reputation	As stakeholders pay increasing attention to issues related to addressing climate change, the Group may face reputational damage if it fails to meet their expectations or engages in any related illegal or non-compliant activities.	stakeholders, regularly reviewed our emissions reduction performance, and made dynamic adjustments

Risk Management

In response to climate change, we focus on identifying and assessing Physical Risks and Transition Risks while also capitalizing on development opportunities to promote the sustainable development of the Group. To prepare for extreme weather events, we have developed emergency plans and conducted drills to prevent the impacts of extreme weather or natural disasters. When faced with related extreme weather, we will take appropriate measures according to the emergency plans to minimize negative impacts and ensure normal production activities. Moreover, we strengthen the sustainable management of natural resources, reduce pollutant emissions and refine the risk management and goal-setting system to promote high-quality and green development.

Indicators and Targets

The Group has identified indicators related to monitoring environmental, social and climate-related risks and conducts annual statistical reporting and disclosures of relevant data, including but not limited to:

- Energy (gasoline, diesel, electricity, etc.) consumption;
- Direct GHG emissions (Scope 1);
- Indirect GHG emissions (Scope 2);
- Total GHG emissions (including Scope 1 and Scope 2);
- The intensity of GHG emissions.

In addition, the Group optimizes production technologies and improves the level of emissions treatment to reduce direct and indirect GHG emissions, which facilitates its efforts in response to climate change.

5. HARMONIOUS DEVELOPMENT

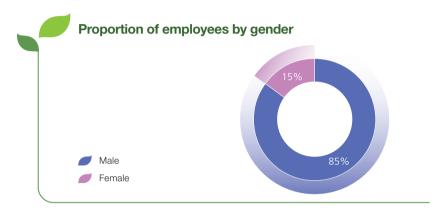
The Group adheres to a people-oriented philosophy, striving to create an equal and harmonious environment for its employees. It values employees' skill development and career advancement, emphasizes equal dialogue and communication with employees and cares for their work-life balance in a bid to build a friendly and harmonious workplace atmosphere to embody a "family spirit". Externally, it actively pays attention to the corporate influence on the surrounding communities and contributes to local development and well-being.

5.1 Protecting employees' rights

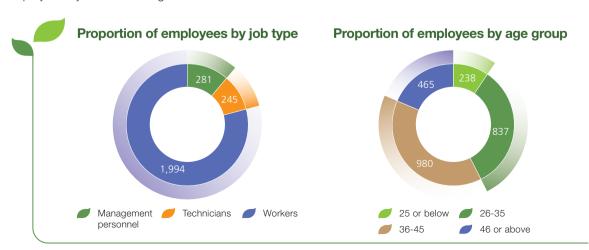
The Group strictly complies with national laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China. The Group has actively implemented the Personnel Management System and signed labor contracts with employees according to the law. It upholds the principles of "transparency, fairness, equal competition, meritocracy and free will" and eliminates any kind of discrimination involving gender, nationality, religion, age and other factors in recruitment, training and promotion. During the reporting year, the Group did not receive any complaints about unfair employment.



The Group respects employees' rights and dignity and strictly adheres to the legal work hours limit and holiday arrangements. Administrative staff work standard 8-hour days, while mining production departments operate on rotating shift schedules according to operational situation. The Group offers annual leave, personal leave, sick leave, marriage leave, bereavement leave, maternity leave, work-related injury leave and family leave, etc. The Group strictly prohibits any form of servitude or forced labor and does not employ child labor (aged below 16), nor assign workers aged 16-18 to positions that could compromise their health and safety. Due to the Group's business nature and working environment, the proportion of male employees in the Group is higher than that of female employees. The Group stringently adheres to the principle of equal employment and prohibits any sexual discrimination.



As at 31 December 2024, there were a total of 2,730 employees, including both full-time and part-time staff, with a labor contract signing rate of 100%. There were 2,380 current employees based in mainland China, with 6 employees based in Hong Kong and 344 employees based in Cambodia. In 2024, the turnover rate of full-time employees in mainland China was 22.73%, totalling 541 employees; the turnover rate of full-time employees in Hong Kong was 50.00%, totalling 3 employees, while the turnover rate of full-time employees in Cambodia was 44.77%, totalling 154 employees. The turnover rate of male employees was 24.20%, totalling 552 employees, while the turnover rate of female employees was 24.20%, totalling 146 employees. The turnover rate of employees under 25 years old was 46.18%, totalling 133 employees; the turnover rate of employees between 26 and 35 years old was 26.11%, totalling 224 employees; the turnover rate of employees between 36 and 45 years old was 22.44%, totalling 228 employees; while the turnover rate of employees over 46 years was 19.89%, totalling 113 employees. Due to the challenges in compiling statistics for the high turnover rate of part-time employees, the following analysis charts are based solely on full-time employees. The breakdown of full-time employees by different categories is as follows:



The Group's remuneration policy is based on the principle of fairness to ensure that the remuneration level is not lower than the local minimum wage requirements, together with attractive remuneration packages with reference to the remuneration level in the same industry. The Group also provides employees with retirement pension schemes as required by laws and regulations. To ensure the sustainable development of the Group, various channels are in place to understand and collect employees' opinions and suggestions on the Group's policies, working environment and development strategies of the Group. The Group is continuously improving its salary and benefits system, formulating and supplementing rules and policies such as the *Salary Payment Management Policy* and the *Detailed Rules of Employee Benefits*. These regulations standardize employee leave, housing benefits, social insurance and other benefits, maximizing the motivational effect of compensation and boosting employee engagement.

The Group has strengthened democratic management by encouraging employees to participate in its operation and management, ensuring their right to know, to participate and to supervise.

- 1. In 2024, the second session of the fourth employee representative conference took place, where 13 proposals were collected. The Group held 4 democratic meetings, where it addressed 23 employee issues and signed collective contracts and collective contracts on wage negotiation.
- 2. The Industry Trade Union Federation of Kinetic Coal was recognized as a municipal pilot unit by the Ordos Federation of Trade Unions for improving the quality of life for employees and was granted a reward of RMB50,000.
- 3. Kinetic Coal was recognized as the pilot unit for industrial worker construction reform by Ordos City.

In 2024, the Group did not have any material violations of relevant laws and regulations in respect of employment such as recruitment, employment, dismissal and child labor.

5.2 Supporting employee development

The Group has established a sound employee performance appraisal system, which focuses on guiding all departments of the Group to move towards the direction of reform, innovation and elimination of disadvantages, and further mobilizes the enthusiasm, initiative, responsibility and creativity of employees in all departments, with a view to promoting the rapid and healthy development of the Group. The Group attaches great importance to the development of employees. Various types of training have been carried out to improve the quality and ability of employees from multiple dimensions of theoretical knowledge and practical skills and continuously improve the career development path of employees, achieving the mutual growth, progress and development of employees and the Group.

Mentoring agreement

The Group follows the *Coal Mine Safety Rules* (Order No. 92 of State Administration of Work Safety), which stipulates that mine personnel must undergo four months of underground apprenticeship. During the apprenticeship period, a mentoring agreement is signed, where mentors guide apprentices to master production skills in specific roles within the specified time period, fully utilizing the role of experienced workers in "teaching, helping and leading". This helps new employees quickly adapt to their positions, improve their comprehensive qualities and create a positive learning atmosphere.



Employee training

The Group is committed to enhancing the overall quality and capability of its employees from a practical point of view and providing focused, multi-level and effective education and training to its employees. The Group formulated the *Regulations of Training Management* and other related policies, combined internal training with external training, and fully utilized various training resources. The Group is dedicated to addressing its specific needs by focusing on enhancing employees' overall quality and capabilities, offering targeted, multi-level and practical education and training to employees. The Group has implemented relevant systems such as the Regulations of Training Management, insisting on a combination of internal and external training while making full use of various training resources. During the year, 53 training sessions were organized for professional technicians and management personnel, and 721 departmental training sessions were provided, achieving a 100% training coverage rate and high satisfaction levels among employees. In 2024, the Group's technicians and management personnel had received an average of over 80 hours of training, and the coal miners had received an average of over 50 hours of training. The average training hours for both male and female employees exceeded 50 hours.

In 2024, the Group mainly conducted video lectures, in-house trainer training sessions, refresher lectures for senior management and outdoor training to carry out different types of training:

- 1. 20 videos and in-house trainer lectures, such as Corporate Culture Presentation, Time Management, Communication Skills, Basics of Effective Delegation for Managers, Agile Team Building and Management Methods, Understanding Gallup Q12 and Employee Engagement, Innovative Thinking: New Perspectives for Self-Development, Writing Skills for Character Development, Team Building, Efficient Organizational Management, Methodology of Strategic Management, Effective Execution, One Ventilation and Three Preventions, New Employee Induction Training, Agile Team Building and Management Methods, In-house Trainer Training and Seminar and Employment Risk Prevention;
- 2. 4 refresher lectures for senior management, such as *Annual Report Analysis of Onewo Inc., CKA and Other Publicly Listed Companies, Wine Culture, Safety Management of Power Supply in Coal Mines* and *Green Mine Construction*;
- 3. 3 lecture sessions featuring expert speakers, such as Interpretation of Safety Production Regulations in Coal Mines, Practical Business Knowledge and Life Philosophy for Corporate Professionals, Welding Technology, Reception Etiquette, Personal Butler Etiquette, Dining and Hospitality Etiquette, Staying Committed to Integrity and Rejecting Corruption and Interpretation of Policies and Standards for Green Mine Construction;
- 4. Over 20 specialized training sessions by job type, such as Basics of Mechanical Drawing, Fitting Techniques, Basics of Ground Electrical Work, Basics of Electrical Work in Coal Mines, Welding Techniques, Welding and Fusion, Operational Standards and Safety Precautions for Coal Mining Machines, Practical Training on Adjusting the Concentricity of Belt Reducers, Procedures and Precautions for Coal Loading Operators, Procedures and Precautions for Tunneling Machine Drivers, Procedures and Precautions for Support Workers and Causes and Solutions for Belt Conveyor Deviation.

In addition, the Group conducts annual satisfaction questionnaires and surveys on training needs, prepares training summaries and works with in-house trainers to develop training courses that enhance training quality and meet employees' needs for career development. The Group also holds various professional training sessions for different work types in various fields from time to time, such as *One Dredging and Three Preventions for Mines, Flood Prevention through Cadastral Surveying, Coal Mine Measurement Technology, Coal Mine Power Supply Technology* and *Welding Technology*. This establishes a platform for communication and collaboration, encourages cross-departmental learning and enhances the comprehensive quality and work efficiency of all employees.

Performance assessment

In 2024, the Group further improved the performance appraisal system by signing 19 departmental responsibility statements for work objectives, processing 1,413 personal monthly task reports and completing annual performance reviews with 360 mutual evaluations for 19 departments. The actual assessment provided an objective basis for the Group's evaluation and personnel appointment and dismissal. The Group has successfully completed the probation evaluation for 1 management personnel position, 8 professional and technical positions and 68 worker positions. In addition, to further strengthen talent building, the Group supports and recommends technicians to apply for national vocational qualifications and continues to promote the assessment and recruitment of internal professional and technical positions to employ outstanding employees and provide them with proper remuneration to encourage professional technological talents.

5.3 Caring for employees

The Group sticks to the principle of "Good and Practical Deeds for Employees", paying attention to the various living needs of employees and creating a "family culture" with actions. The Group customizes multiple sets of work uniforms and safety protection equipment for each employee according to their requirements; provides free shuttle buses between the company and downtown for employees to facilitate their commuting; builds an economical canteen for employees and provides meal subsidies to ensure balanced meals and their nutrition. In 2024, the Group continued to implement the rule of "free lunch for workers in the mines" to ensure they can have warm and good meals. Since 2021, the Group has prepared birthday cakes and gifts for each employee. Air conditioners have been installed in all employee dormitories. Canteens have added a variety of night snacks and stir-fries and provided free green bean soup for outdoor workers in summer to create a warm "home" for employees from all aspects.

In 2020, the Group's employees working at the Dafanpu Coal Mine moved into the new staff hostel, which improved their accommodation conditions. It has a gross floor area of over 7,000 square meters, consisting of 8 storeys divided into two parts, namely an indoor sports hall and a staff dormitory. The indoor sports hall has an area of 1,820 square meters with various sports and entertainment facilities and is open to employees free of charge. The dormitory area includes 81 rooms, all of which are equipped with standard toilets. It also offers couple rooms, visiting rooms, single rooms and double rooms. The couple room is specially designed for outstanding dual-income employees working at the mine, while the visiting room caters to single employees whose relatives come to visit from out of town. The gymnasium remains free for employee use and has added a yoga room to enrich the leisure activities of female employees at the coal mine. In 2021, a communal kitchen and a convenient service center were established to provide even more convenient services for employees in their daily lives.



The Group makes great efforts to create a positive corporate culture that enhances employees' sense of identity and belonging. In 2024, the Group organized various cultural and sports activities as well as 67 cultural events, including the 2023 Year-end Award Ceremony, solving riddles on the Lantern Festival, a voluntary tree-planting activity at the coal mine led by the Group's management (2024 marked the 12th year of voluntary tree planting, with a total of over 200,000 trees planted), a hiking activity in Qinhuangdao, a blessing activity at Mount Wutai, a themed Party Day event in celebration of the Party's founding July 1st, staff sports competition, a fun sports day featuring tug-of-war and Mid-Autumn Festival gift distributions for employees' families, voluntary grape picking, staff birthday benefits, yoga classes and employee technical skills competitions, all of which enriched employees' leisure lives.







5.4 Supporting community development

The Group complies with local laws and regulations during operations to minimize potential adverse impacts on the community and help promote community development.

The Group values community communication and actively promotes village-enterprise relations. In 2024, the Group actively liaised with the villager committee of the Sanbaoyaozi Village of Zhunge'er Banner in Inner Mongolia on the discussion of coal overburden removal, soil covering and soil excavation. It signed the Assistance Project in Governance and Greening in the Reclamation Area with Zhunge'er XiongFu Trading Co., Ltd.* (准格爾旗雄富商貿有限責任公司), a wholly-owned enterprise of the villager committee of the Sanbaoyaozi Village, for approximately RMB710,000, which effectively reduced the costs of soil acquisition and increased the income of the village committee. To establish a good relationship with the village committee of Sanbaoyaozi Village, a sponsorship of RMB20,000 was provided for the Cultural Temple Fair event in Sanbaoyaozi Village, Xuejiawan Town. To establish a good relationship with the village committee of Majiata Village, a sponsorship of RMB5,000 was provided for the Cultural Temple Fair event in Majiata Village, Xuejiawan Town. To establish a good relationship with the Zhangjiagadan Community Residents' Committee in Youyi Street, Zhunge'er Banner, a sponsorship of RMB5,000 was provided for the Cultural Temple Fair event in the community. The Village Road Maintenance and Environmental Improvement Agreement was signed with Zhunge'er XiongFu Trading Co., Ltd.* (准格爾旗雄富商貿有 限責任公司), contributing RMB100,000 to support the village's collective economy, while the Machinery Rental Contract was signed with Ordos Xingjiaye Commercial Co., Ltd.* (鄂爾多斯市興家業商貿有限公 司), contributing RMB150,000 to support the village's collective economy, which increased the income of the village committee.

In 2024, to further shape an image as an excellent and responsible corporation, the Group continued to provide free warm coal to local residents. The Group partnered with the Zhuge'er Banner Volunteer Association and the New Era Civilization Practice Service Center in Zhuge'er Banner to carry out volunteer service activities, visited the village committee to offer warmth and made contributions to consumption assistance amounted to approximately RMB310,000. The Group actively supported the local economic development by insisting on employing local workers to boost local employment. In 2024, Kinetic Qinhuangdao was awarded the title of "Star Enterprise (明星企業)" in Beidaihe, Qinhuangdao for 8 consecutive years. On 27 June 2023, it obtained the quality management system certification, which applies to the sales of coal. The quality management system complies with both national (GB/T19001) and international (ISO9001) standards, effective for three years, and has passed the annual verification in 2024. In 2024, the Group made a total tax payment of RMB1,405,488,558.30, in which

Kinetic Coal made a total tax payment of RMB932,507,041.50. As of the end of the reporting year, the Group has hired a total of 241 employees whose households were registered locally in Ordos, thus local employees accounted for 24.6% of total employees of Kinetic Coal.





HKEX ESG REPORTING GUIDE CONTENT INDEX

ESG Reporting	Guide	Reporting Content
Major Scope: A	A. Environment	
Aspect A1: Em	issions	
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.2
A1.1	The types of emissions and respective emission data.	4.2
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission in total (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	4.1
A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	4.2
A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	4.2
A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.2
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.2
Aspect A2: Use	e of Resources	
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	4.1
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility).	4.1
A2.2	Water consumption in total and density (e.g. per unit of production volume, per facility).	4.1
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.1
A2.5	Total packing materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Products of the Group involve no packing materials, so this is not applicable

ESG Reporting	Guide	Reporting Content	
Aspect A3: Env	ironment and Natural Resources		
A3	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	4.3	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3	
Aspect A4: Clin	Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.4	
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.4	
Major Scope: B	. Social		

Employment and Labor Standards

Aspect B1: Employment				
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1		
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	5.1		
B1.2	Employee turnover rate by gender, age group and geographical region.	5.1		
Aspect B2: Healt	th and Safety			
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3		
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.2		
B2.2	Lost days due to work injury.	3.2		
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.2/3.4		



ESG Reporting	Guide	Reporting Content	
Aspect B3: Development and Training			
В3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	5.2	
B3.2	The average training hours completed per employee by gender and employee category.	5.2	
Aspect B4: Labo	or Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1	
B4.2	Description of steps taken to eliminate such practices when discovered.	5.1	

Operating Practice

Aspect B5: Sup	ply Chain Management	
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	2.5
B5.1	Number of suppliers by geographical region.	2.5
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.5
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.5
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.5

ESG Reporting	Guide	Reporting Content
Aspect B6: Prod	duct Responsibility	
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.3
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.3
B6.2	Number of products and services related complaints received and how they are dealt with.	2.4
B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2
B6.4	Description of quality assurance process and recall procedures.	2.3
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.4
Aspect B7: Anti-	-corruption	
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.1
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting year and the outcomes of the cases.	2.1
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.1
B7.3	Description of anti-corruption training provided to directors and staff.	2.1
Community		
Aspect B8: Com	nmunity Investment	
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.4
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	5.4
B8.2	Resources contributed (e.g. money or time) to the focus areas,	5.4

EXECUTIVE DIRECTORS

Mr. Ju Wenzhong (具文忠), aged 56, is the Chairman of the Board and Executive Director of the Group. He joined the Group in September 2010, and was appointed as the Chief Executive Officer and Executive Director of the Group on 28 May 2020. He has been re-designated as the Chairman of the Board from the Chief Executive Officer since 16 June 2022. He is responsible for leading the production and sales of the Group and holds significant positions in various companies under the Group.

He obtained a professional qualification in precision machinery from the Department of Mechanical Engineering, Shenzhen University (深圳大學機械系精密機械儀器專業資格) in July 1990. Prior to joining our Group in September 2010, he served as a senior management and director in several companies.

Mr. Li Bo (李波), aged 43, is the Chief Executive Officer and Executive Director of the Group as well as the chairman of Kinetic Coal. He is primarily responsible for the comprehensive planning and the management of the overall operations of the Group's Dafanpu Coal Mine. Since joining the Group in October 2006, he has held several management positions in the Group.

He graduated from the University of Science and Technology Beijing (北京科技大學) in 2004 with a bachelor's degree in management, and obtained a professional certificate of mining engineering from China University of Mining and Technology (中國礦業大學) in 2016. He obtained the qualification of intermediate registered safety engineer in November 2020, and obtained the qualification of senior economist in December 2021.

Mr. Ji Kunpeng (紀坤朋), aged 39, has been an Executive Director of the Company since 16 June 2022 and is the chairman of Ningxia Kinetic. He is fully responsible for the operation and management of the Yong'an Coal Mine and Weiyi Coal Mine in Ningxia.

Since joining the Group in October 2009, he has served a number of roles as manager and various management positions, including the deputy general manager of Kinetic Qinhuangdao and the executive deputy general manager of Kinetic Coal. He graduated from Beijing Union University in 2008 with a bachelor's degree in management.

NON-EXECUTIVE DIRECTOR

Ms. Zhang Lin (張琳), aged 76, has been a Non-executive Director of the Company since 6 March 2012. She graduated from the South China University of Technology (華南理工大學) with a bachelor's degree in electrical engineering theory and electronic technology in 1982 and served as a teaching assistant and a lecturer at the same university from 1982 to 1993 and was an associate professor from 1993 to 2003, teaching electrical principles and electronic technology. She is also a non-executive director of Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a company listed on the Stock Exchange (Stock Code: 2777). Ms. Zhang is the sister of Mr. Zhang Li (a substantial shareholder of the Company) and the aunt of Mr. Zhang Liang, Johnson (a substantial shareholder of the Company).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Liu Peilian (劉佩蓮), aged 71, has been an Independent Non-executive Director of the Company since 6 March 2012. She completed her undergraduate education in finance and accounting from Guangzhou Open University (廣州市廣播電視大學) in 1990 and obtained her master's degree in business administration from Murdoch University in Australia in 2002. She is an accountant, a certified public accountant and a certified tax agent in the PRC and has over 40 years of experience in finance and accounting. She worked in the Bureau of Finance of Guangzhou Municipality (廣州市財政局) and held various senior positions with Shu Lun Pan Yangcheng Certified Public Accountants Co., Ltd. (立信羊城會計師事務所有限公司) and its predecessor firms including director, deputy chief accountant and consultant. She has been a consultant of Qinghai Huading Industrial Co., Ltd. (青海華鼎實業股份有限公司), a manufacturer of mechanical products listed on the Shanghai Stock Exchange (Stock Code: 600243), since 2010 and an independent director of Keda Industrial Co., Ltd. (廣東科達機電股份有限公司) from 2009 to 2015, another manufacturer of mechanical products listed on the Shanghai Stock Exchange (Stock Code: 600499), and GRG Banking Equipment Co., Ltd. (廣州廣電運通金融電子股份有限公司), an automatic teller machine supplier listed on the Shenzhen Stock Exchange (Stock Code: 002152), from 2011 to 2017. Moreover, she has been an independent director of Guangzhou Hongte Accurate Technology Co., Ltd. (廣東鴻特精密技術股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300176), from 2013 to 2016.

Ms. Xue Hui (薛慧), aged 69, has been an Independent Non-executive Director of the Company since 22 April 2016. She has extensive experience in the construction and real estate industries. She acquired a certificate of Intermediate Economist in 2003, and served as the department head of the personnel office of Guangzhou Municipal Farm Administration (廣州市農場管理局) from 1974 to 1993, the deputy general manager of Guangzhou Sino Properties Development Company Ltd (廣州信和房地產開發有限公司) from 1994 to 2003 and the general manager of Chongqing R&F Properties Development Company Ltd (重慶富力城地產開發有限公司) from 2003 to 2015.

Mr. Chen Liangnuan (陳量暖), aged 74, has been an Independent Executive Director of the Company since 30 May 2022. He was the factory manager or secretary of several textile factories in Guangzhou from 1977 to 1996. He also has extensive experience in construction and engineering, and was the chairman of Guangzhou Tianli Construction Co. Ltd. (廣州天力建築工程有限公司) (a subsidiary of R&F Properties, a company listed on the Stock Exchange (Stock Code: 2777)), Foshan Lizun Metal Products Co., Ltd. (佛山力尊金屬製品有限公司) and Guangzhou Tianyin Landscape Engineering Co., Ltd. (廣州天盈園林工程有限公司). He is currently a supervisor of R&F Properties (Stock Code: 2777).

He graduated from the University of Donghua with a diploma of Textile Engineering in 1977. He is also a holder of a safety production assessment certificate (level-A certificate).

SENIOR MANAGEMENT

Ms. Wang Lanlan (王蘭蘭), aged 43, is the vice president and chief financial officer of the Group. She is fully responsible for the financial management of the Group and is also the president of Kinetic (Asia) Limited.

Ms. Wang has over 10 years of experience in corporate finance, listing and asset appraisal. Prior to joining the Group in March 2019, she served as a senior project manager at Jones Lang LaSalle (Beijing) Consultants Limited (仲量 聯行 (北京) 諮詢有限公司) from 2006 to 2011, during which she participated in projects of listing and acquisition of more than 30 PRC enterprises listed in Hong Kong. She served as an investor relations director of China New Material Technology Holdings Limited (中國新材料科技控股有限公司) from July 2011 to December 2014; a vice president of Chuang Xin (China) Group Limited (創新 (中國) 集團有限公司) from August 2015 to September 2017; and a vice president of investor relations at China Binary New Fintech Group (a company listed on the Hong Kong Stock Exchange, Stock Code: 8255 which has been privatized in December 2022), from December 2017 to March 2019 before joining the Group.

Ms. Wang obtained a master's degree in business administration from the Fudan University and The University of Hong Kong in 2016.



SENIOR MANAGEMENT (cont'd)

Mr. Zhang Xianli (張憲利), aged 43, is the chairman of Kinetic Qinhuangdao. He is fully in charge of the overall operation of Kinetic Qinhuangdao. He graduated from Beijing Normal University in 2005 with a bachelor's degree in applied psychology.

Since joining the Group in April 2012, he has held several senior management positions in various projects within the Group, possessing many years of management experience in the field of energy development.

Mr. Li Yinlou (李印樓), aged 55, is the chairman of the South African project of the Group, and is fully responsible for the development and operation in South African coal mines of MC Mining project. He joined the Group in 2013 and was the deputy general manager of Kinetic Coal and head manager of Dafanpu Coal Mine.

He graduated from China University of Mining and Technology (中國礦業大學) in 1992. After his graduation and before joining the Group in 2013, he served as an electrical and mechanical manager in a coal power company under China Coal Energy Company Limited (中國中煤能源股份有限公司) (Stock Code: 1898). He has almost 30 years of work experience in China's coal mining industry.

Mr. Li Yang (李揚), aged 47, is the chairman of Inner Mongolia Liangyun Animal Husbandry Development Co., Ltd. (內蒙古量蘊牧業發展有限公司) and Inner Mongolia Liangyun Agriculture Development Co., Ltd. (內蒙古量蘊農業發展有限公司), and is fully responsible for the overall operation and management of the Group's agriculture and livestock business.

He graduated from Yanshan University (燕山大學) in 2001 with a bachelor's degree in computer science and technology. He joined the Group in December 2009, and served as sales manager, deputy general manager, executive deputy general manager, general manager and chairman of Kinetic Qinhuangdao.

Mr. Zhang Yang (章楊), aged 44, has been the general manager of Kinetic Coal since August 2024, and is mainly responsible for the overall operation of Dafanpu Coal Mine and the safe production of the mine.

He graduated from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) in 2003 with a bachelor's degree in engineering management. He joined the Group in September 2021 as the assistant to the president and general manager of the Cost Control Centre. Before joining the Group, he was the deputy general manager of the tender centre of the North China regional company of R&F Properties (Stock Code: 2777) and the director of cost control department of Fuli Shoukai Gaoliyang Project Company (富力首開高麗營項目公司) (Phase I).

Mr. Chen Biao (陳彪), aged 38, is the general manager of Kinetic Qinhuangdao. He is responsible for the overall operation of Kinetic Qinhuangdao. He graduated from Huazhong University of Science and Technology (華中科技大學) in 2012, majoring in civil engineering.

He joined the Group in October 2011 and served as the sales manager and deputy general manager of Kinetic Qinhuangdao. In January 2021, he was officially promoted to be the general manager of Kinetic Qinhuangdao.

SENIOR MANAGEMENT (cont'd)

Mr. Dong Shiyu (董世裕), aged 52, serves as the general manager of Ningxia Kinetic. He is responsible for the safety management, production, and construction of Yong'an Coal Mine, Weiyi Coal Mine and the coal washing plant of Yong'an Coal Mine (永安煤礦洗煤廠) of the Group in Ningxia.

He graduated from Xi'an Mining College (西安礦業學院) in 1996 with a bachelor degree of engineering in mining engineering. He has nearly 30 years of work experience in China's coal mining industry. Before joining the Group in 2017, he had held positions such as a mining technician, deputy head of the production department, and the project manager of a design institute in China's state-owned coal enterprises, successively participating in the infrastructure construction and production of various mines.

Mr. Dou Faquan (實發權), aged 54, has served as the chief engineer of the Group and the chief engineer of Kinetic Coal since March 2024. He is responsible for the technical affairs of the Group.

He joined the Group in 2012, and acted as the head of Dafanpu Coal Mine of Kinetic Coal from November 2014 to January 2016, responsible for the safety management of Dafanpu Coal Mine. From February 2016 to February 2024, he was the deputy general manager of Kinetic Coal, responsible for the safety and technical management of the company.

He has nearly 30 years of work experience in China's coal mining industry. Prior to join the Group, Mr. Dou had held positions such as head of coal mining district, control room director and chief engineer in China's state-owned coal enterprises, successively participating in the infrastructure construction and joint trial operation of various mines. He graduated from Shandong Institute of Mining (山東礦業學院) in 1995 with a bachelor of engineering degree in mining engineering.

Mr. Guo Xin (郭鑫), aged 38, is the general manager of the South African project of the Group, and is mainly responsible for the safety management and production construction of the Makhado Mine of MC Mining project.

He graduated from China University of Mining and Technology (中國礦業大學) in 2012 with a bachelor's degree in mining engineering. He joined the Group in 2013, and served as a coal mining technician, deputy director of the control room and deputy chief engineer of Dafanpu Coal Mine of Kinetic Coal. He has over 10 years of working experience in coal mining.

Mr. Li Qinsheng (李秦生), aged 39, is the head manager of Kinetic Coal's Dafanpu Coal Mine. He obtained a bachelor's degree in mining engineering from China University of Mining and Technology (中國礦業大學) in 2008. He has over 15 years of experience in coal mining industry. He joined our Group in August 2010, and served as the head of production technology and design department of Songzao Coal and Electric Company (松藻煤電公司) during the period from 2008 to 2010, and was responsible for production technology and process design of coal mines.

Mr. Chong Yuk Fai (莊旭輝), aged 44, has been the company secretary of the Company since February 2025. He has over 15 years of experience in accounting, corporate finance and company secretarial functions. Prior to joining the Company, he worked at an international accounting firm providing assurance services and held positions at several listed companies in Hong Kong, where he was responsible for financial management and company secretarial functions. He holds a bachelor's degree in Accounting and Finance from The University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants.



The board of directors (the "Board") of Kinetic Development Group Limited (the "Company") hereby presents the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2010 under the Companies Law (2010 Revision) of the Cayman Islands.

The Company is an investment holding company and the principal activities of the Group are the extraction and sale of coal products. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business, are set out in the Management Discussion and Analysis on pages 6 to 24 of this annual report and forms a part of this Directors' Report. Save as disclosed in section headed "Management Discussion and Analysis", there were no significant changes in the Group's principal activities since the end of the reporting year.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2024 are set out in Note 14 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 102 to 103 of this annual report.

On 25 March 2025, the Board proposed a final dividend of HKD4.5 cents per share, payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 2 June 2025. It is expected that the final dividend will be paid in cash on or before Friday, 13 June 2025. The total amount of the final dividend to be distributed is HKD379,350,000. The proposal for the distribution of final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 106 and in Note 43 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution to equity shareholders in accordance with its articles of association amounted to approximately RMB705,306,000 are set out in Note 43 to the consolidated financial statements (As at 31 December 2023: approximately RMB702,788,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

BANK LOANS

Details of the bank loans of the Group as at 31 December 2024 are set out in Note 28 to the consolidated financial statements.

SHARE CAPITAL AND DEBENTURE

Details of the movements in the issued share capital of the Company are set out in Note 33 to the consolidated financial statements. During the year ended 31 December 2024, there were no shares or debentures issued by the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 December 2024 attributable to the Group's major customers and suppliers are as follows:

Sales

- the largest customer	14.5%
- five largest customers in aggregate	49.9%

Purchases

 the largest supplier 	7.16%
 five largest suppliers in aggregate 	12.13%

None of the Directors, or any of their close associates (as defined under the Listing Rules), or, to the best knowledge of the Directors, no shareholder of the Company which owns more than 5% of the Company's issued shares, had any interest in any of the five largest customers or suppliers of the Group.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 180 of this annual report.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report are as follows:

Executive Directors

Mr. Ju Wenzhong (Chairman)
Mr. Li Bo (Chief Executive Officer)

Mr. Ji Kunpeng

Non-executive Director

Ms. Zhang Lin

Independent Non-executive Directors

Ms. Liu Peilian Mr. Chen Liangnuan Ms. Xue Hui

In accordance with Article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Ju Wenzhong, Mr. Ji Kunpeng and Ms. Zhang Lin shall retire by rotation at the annual general meeting and, being eligible, will offer themselves for re-election as Directors thereat.



DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The Non-executive and the Independent Non-executive Directors have been appointed for a term of three years in accordance with their respective letters of appointment with the Company.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the Independent Non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this Directors' Report, there were no other transactions, arrangements or contracts in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2024 or at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Significant Investments and Acquisitions" in the Management Discussion and Analysis, during the year ended 31 December 2024 or at any time during the year, there was neither a contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries by the controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS

Taiyuan Hetai Acquisition

On 29 April and 12 July 2022, the Group entered into a property purchase agreement ("2022 Property Purchase Agreement") and a supplemental agreement with subsidiaries of Seedland, the vendors, to acquire certain properties ("Seedland Properties Acquisition"). On 1 December 2023, Kinetic Qinhuangdao entered into a second supplemental agreement to Seedland Properties Acquisition ("Second Supplemental Agreement") with the vendors and Taiyuan Hetai, pursuant to which, among others, (a) the target properties located in Jingmen, Wuxi and Wuhan would no longer be sold to Kinetic Qinhuangdao, and (b) Wuxi Shidi Real Estate Development Co., Ltd. ("Wuxi Shidi"), one of the vendors, has agreed to sell, and Kinetic Qinhuangdao has agreed to acquire, 100% equity interest in Taiyuan Hetai for the consideration of RMB220,000,000 ("Taiyuan Hetai Acquisition"), and Wuxi Shidi and Kinetic Qinhuangdao have entered into a share transfer agreement detailing the terms of acquisition of 100% equity interests in Taiyuan Hetai.

CONNECTED TRANSACTIONS (cont'd)

Taiyuan Hetai Acquisition (cont'd)

All of the vendors and Taiyuan Hetai are ultimately beneficially owned by Mr. Zhang Liang, Johnson, the settlor and beneficiary of Zhang Family Overseas Limited, which holds 100% equity interests in King Lok Holdings Limited, the controlling shareholder of the Company holding 62.96% of the issued shares of the Company. As such, the vendors and Taiyuan Hetai are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Second Supplemental Agreement constitutes a connected transaction of the Company and is subject to the announcement, reporting, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Taiyuan Hetai Acquisition was approved by the independent shareholders by way of a poll at the extraordinary meeting on 13 March 2024. The Taiyuan Hetai Acquisition contemplated under the Second Supplemental Agreement has been completed on 3 June 2024.

Loan Agreements with Guizhou Energy

On 22 June 2020, Kinetic Qinhuangdao and Guizhou Liliang Energy Co., Ltd. ("Guizhou Energy") entered into the 2020 Loan Agreement, pursuant to which Kinetic (Qinhuangdao) agreed to provide a loan to Guizhou Energy in the principal amount of RMB57 million (equivalent to approximately HK\$63 million) for a term of 2 years commencing from the interest calculation date. On 23 December 2022, Kinetic (Qinhuangdao) and Guizhou Energy entered into a supplemental agreement to the 2020 Loan Agreement, pursuant to which the parties agreed that the repayment date of the loan be extended to 31 December 2023, with the interest rate to be raised to 2.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. On 9 February 2024, Kinetic Qinhuangdao and Guizhou Energy entered into a second supplemental agreement to the 2020 Loan Agreement, pursuant to which the parties agreed that the repayment date of the loan of the principal amount of RMB57 million (equivalent to approximately HK\$63 million) be further extended to 31 December 2025, with the interest rate to be raised to 3.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. Other than the above, the other terms and conditions of the 2020 Loan Agreement and the supplemental agreement continue to be in full force and effect.

On 28 June 2022, Guizhou Kinetic Mines Co., Ltd ("Guizhou Mining") and Guizhou Energy entered into the 2022 Loan Agreement, pursuant to which Guizhou Mining agreed to provide a loan to Guizhou Energy in the principal amount of up to RMB200 million (equivalent to approximately HK\$216 million) for a term of 2 years commencing from the interest calculation date. On 2 July 2024, Guizhou Mining and Guizhou Energy entered into a supplemental agreement to the 2022 Loan Agreement, pursuant to which the parties agreed that the repayment date of the loan of RMB200 million (equivalent to approximately HK\$216 million) be extended to 30 June 2025, with the interest rate to be raised to 2.5% above the one year loan prime rate (LPR) in the PRC in effect during the term of the loan. Other than the above, the other terms and conditions of the 2022 Loan Agreement continue to be in full force and effect.

Guizhou Energy is indirectly held as to 100% by Mr. Zhang Li, a substantial shareholder of the Company. Guizhou Energy is an associate of Mr. Zhang Li thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, these transactions contemplated under the 2020 Loan Agreement and 2022 Loan Agreement and the relevant supplemental agreements constitute connected transactions of the Company. As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of these connected transactions are more than 0.1% but less than 5%, such connected transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



CONNECTED TRANSACTIONS (cont'd)

Guangzhou Properties Acquisition

On 6 June 2024, Kinetic Qinhuangdao entered a third supplemental agreement to Seedland Properties Acquisition ("Third Supplemental Agreement") with 4 subsidiaries of Seedland ("2024 Properties Vendors") and Guangzhou Hengyi Equipment Installation and Maintenance Co., Ltd. ("Guangzhou Hengyi"), pursuant to which, among others, (i) Guangzhou Hengyi transferred the 6 units of commercial properties ("Target Properties") located in Guangzhou to Kinetic Qinhuangdao for a total consideration of RMB45,000,000; (ii) the 11 units of commercial properties ("2024 Terminated Properties") would be no longer transfered to Kinetic Qinhuangdao; and (iii) the rights and obligations between the 2024 Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Terminated Properties are terminated with effect from the date of the Third Supplemental Agreement. The transaction was completed during the year ended 31 December 2024.

The 2024 Properties Vendors and Guangzhou Hengyi are ultimately beneficially owned by Mr. Zhang Liang, Johnson, who is interested in 62.96% of the issued shares of the Company held through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, the 2024 Properties Vendors and Guangzhou Hengyi are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction constitutes a connected transaction of the Company. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Third Supplemental Agreement are more than 0.1% but less than 5%, the Third Supplemental Agreement and the transactions contemplated thereunder are subject to the announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Aircraft Sub-Sub-Lease Agreement

On 2 August 2024, Kinetic (Asia) Limited as the lessee, and Wealth Galaxy Limited, as the lessor, entered into an aircraft sub-sub-lease agreement in relation to the leasing of the Aircraft, with the lease term commencing on the delivery date for a period of twelve (12) months. The sub-sub-leasing does not involve the acquisition of the aircraft or any other asset from the lessor. As such, the net profits or income attributable to the aircraft are not the subject of the sub-sub-leasing of the aircraft. Unless otherwise provided in the aircraft sub-sub-lease agreement, the fixed rent for the lease term shall be equivalent to an amount of US\$5,600,000. The lessee has paid US\$2,876,375 to the lessor during the year ended 31 December 2024.

The lessor is directly wholly-owned by Mr. Zhang Liang, Johnson, who is interested in 62.96% of the issued shares of the Company held by King Lok Holdings Limited, the entire issued share capital of which are held by the Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members. King Lok Holdings Limited is the controlling shareholder of the Company. As such, the lessor is the associate of Mr. Zhang Liang, Johnson thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the aircraft sub-sub-lease agreement constitutes a connected transaction of the Company, and is subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS (cont'd)

Seedlife Acquisition

On 6 June 2024, the Company entered into a letter of intent with Mr. Zhang Liang, Johnson and Seedland Smart Service, pursuant to which, among others, the Company formalized its intent to acquire the 100% equity interests of Seedlife from Seedland Smart Service. On 6 September 2024, Kinetic Qinhuangdao entered into a fourth supplemental agreement to Seedland Properties Acquisition ("Fourth Supplemental Agreement") with 3 subsidiaries of Seedland ("2024 Adjusted Properties Vendors"), the Company, Seedland Smart Service and Mr. Zhang Liang, Johnson, pursuant to which, among others, (i) the target properties located in Zunyi and Zhongshan ("2024 Further Terminated Properties") would no longer be sold to Kinetic Qinhuangdao; and (ii) the rights and obligations between the 2024 Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Further Terminated Properties under the 2022 Property Purchase Agreement (as amended by the supplemental agreement, the second supplemental agreement and the third supplemental agreement) are terminated with effect from the date of the Fourth Supplemental Agreement. On the same date, the Company, Seedland Smart Service and Seedlife entered into a share purchase agreement ("Seedlife Share Purchase Agreement"), pursuant to which, among others, the Company (either directly or through its affiliate) agreed to acquire, and Seedland Smart Service agreed to sell 100% equity interests of Seedlife for a total consideration of RMB423,000,000 ("Seedlife Acquisition").

The 2024 Adjusted Properties Vendors and Seedland Smart Service are ultimately beneficially owned by Mr. Zhang Liang, Johnson, who is interested in 62.96% of the issued shares of the Company through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, the 2024 Adjusted Properties Vendors and Seedland Smart Service are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, Seedlife Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the Seedlife Acquisition are more than 5%, the Seedlife Acquisition is subject to the announcement, reporting, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 12 November 2024, the Group, Seedland Smart Service and Seedlife entered into a share purchase supplemental agreement ("Share Purchase Supplemental Agreement") to the Seedlife Share Purchase Agreement, pursuant to which, the payment term of the equity consideration was amended to provide that Seedland Smart Service shall refund to the Group all payments received by them within 30 days of a written notice by the Group if the Group cannot obtain all necessary approvals required by the Listing Rules, as well as an interest calculated based on the one-year loan prime rate published by the People's Bank of China from the date of payment by the Group of the relevant amount up to actual date of repayment. Save for the aforementioned, all other terms and conditions set forth in the Seedlife Share Purchase Agreement shall remain unchanged and in full force and effect.

The Seedlife Acquisition was approved by the independent shareholders by way of a poll at the extraordinary meeting on 3 January 2025, and was completed on 13 January 2025.

Maoming Acquisition

On 1 November 2024, Kinetic Qinhuangdao and Zhuhai Seedland entered into a fifth supplemental agreement to Seedland Properties Acquisition ("Fifth Supplemental Agreement") with 2 subsidiaries of Seedland ("2024 Further Adjusted Properties Vendors"), pursuant to which, among others, (i) the commercial properties located in Zhongshan ("2024 Third Terminated Properties") would no longer be sold to the Kinetic Qinhuangdao; and (ii) the rights and obligations between the 2024 Further Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Third Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) are terminated with effect from the date of the Fifth Supplemental Agreement. On the same date, Kinetic Qinhuangdao and Zhuhai Seedland entered into a share transfer agreement, pursuant to which, among others, Kinetic Qinhuangdao agreed to acquire, and Zhuhai Seedland agreed to sell, 100% equity interests of each of Maoming Shengda, and Maoming Shengcheng for a total consideration of RMB70,000,000 ("Maoming Acquisition").



CONNECTED TRANSACTIONS (cont'd)

Maoming Acquisition (cont'd)

The 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are ultimately beneficially owned by Mr. Zhang Liang, Johnson, who is interested in 62.96% of the issued shares of the Company held through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, the 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, Maoming Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the Maoming Acquisition are more than 5%, the Maoming Acquisition is subject to the announcement, annual reporting, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Maoming Acquisition was approved by the independent shareholders by way of a poll at the extraordinary meeting on 3 January 2025. As at a date of this annual report, the registration of the share transfer of Maoming Shengda and Maoming Shengcheng to the Group is still in progress.

RELATED PARTY TRANSACTIONS

The connected transactions disclosed above constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions conducted during the year ended 31 December 2024 is disclosed in Note 38 to the consolidated financial statements. These related party transactions include the connected transactions as defined under Chapter 14A of the Listing Rules, and relevant disclosures and the independent shareholders' approvals as required by the Listing Rules are set out in this section.

CONTINUING CONNECTED TRANSACTIONS

On 13 January 2025, Shenzhen Qianhai Seedland Intelligent Service Holding Group Co., Ltd. ("Qianhai Seedland"), an indirect wholly-owned subsidiary of the Company, and Seedland entered into a property management services framework agreement ("Property Management Services Framework Agreement"), pursuant to which, among others, Qianhai Seedland agreed to provide, and Seedland agreed to receive, property management services and other value-added services for a term commencing from 13 January 2025 to 31 December 2025. The total service fees payable by Seedland for receiving property management services and other value-added services to be provided by Qianhai Seedland in 2025 shall not exceed RMB60,000,000. For property management services, the service fees payable by Seedland shall not exceed RMB48,000,000.

Seedland is wholly-owned by Mr. Zhang Liang, Johnson, who is interested in 62.96% of the issued shares of the Company held through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, Seedland is an associate of Mr. Zhang Liang, Johnson, and thus a connected person of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Property Management Services Framework Agreement exceed 0.1% but are all less than 5%, the Property Management Services Framework Agreement and the proposed annual caps for the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES. UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which 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 they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") are as follows:

Long position in the ordinary shares of the Company

Name of Directors	Capacity/Type of interest	Number of ordinary shares held	% of the issued ordinary shares of the Company
Mr. Ju Wenzhong	Beneficial Interests	9,821,659	0.12%
Mr. Li Bo	Beneficial interests	2,901,886	0.03%
Ms. Xue Hui	Beneficial Interests	3,860,055	0.05%

Save as disclosed above, as at 31 December 2024, there was no other Directors or the chief executive of the Company or any of their associates who 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 SFO) which 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2024 was the Company, its subsidiaries, its associate, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other legal entities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed above, during the year ended 31 December 2024, none of the Directors or their close associates (as defined under the Listing Rules) has any other interest in a business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.



EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments of the Directors and five highest paid employees are set out in Notes 9 and 10 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 31 December 2024.

DEED OF NON-COMPETITION

Each of the Company's controlling shareholders and Mr. Zhang Li have confirmed to the Company of his/its compliance with the non-competition undertakings given to the Company under the Deed of Non-Competition as defined in the Prospectus.

King Lok Holdings Limited, Mr. Zhang Liang, Johnson and Mr. Zhang Li (the "Covenantors") have entered into a deed of non-competition dated 9 March 2012 in favour of the Company and its subsidiaries, pursuant to which each of the Covenantors has undertaken that it/he and its/his respective associates (other than any members of the Group) will not carry on, engage, invest, participate or otherwise be interested in or acquire or hold any restricted business unless such restricted business has first been offered or made available to the Group, and the Group, after review and approval by an independent Board committee of the Company comprising only of independent non-executive Directors who do not have a material interest in such restricted business, has declined to pursue such opportunity.

The Directors are of the view that the measures in place are sufficient to safeguard the interests of the Company and its shareholders against any competition issues or potential competition issues.

SHARE OPTION SCHEME

The Company had approved and adopted a share option scheme on 6 March 2012 (the "2012 Share Option Scheme"), which expired on 5 March 2022. No options had ever been granted by the Company under the 2012 Share Option Scheme. The Company has approved and adopted another share option scheme (the "2023 Share Option Scheme") on 22 May 2023. The principal terms of the 2023 Share Option Scheme are summarised as follows:

(i) Purpose

The purposes and objectives of the 2023 Share Option Scheme are to recognise the contributions by certain eligible participant(s) and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

(ii) Participants

Eligible participants of the 2023 Share Option Scheme include employee participants, related entity participants and service providers.

Service provider(s) means any person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons:

- (a) supplier(s) of goods or services to any member of the Group and its associated companies;
- (b) consultant(s) providing business consulting services to the Group and its associated companies, including but not limited to consulting services on coal products, product quality control, regulations and policies, mining operation, research and development on mining industry;

SHARE OPTION SCHEME (cont'd)

(ii) Participants (cont'd)

- (c) business or joint venture partner(s), franchisee(s), contractor(s), agent(s) or representative(s) in the mining industry of any member of the Group and its associated companies;
- (d) person(s) or entity(ies) that provide(s) design, research, development or other support or any advisory, consultancy, professional services to any member of the Group and its associated companies; and
- (e) associate(s) of any of the foregoing person(s).

For the avoidance of doubt, service provider(s) may not include placing agent(s) or financial adviser(s) providing advisory services for fundraising, mergers or acquisitions, as well as professional service provider(s) (such as auditor(s) or valuer(s)) who provide(s) assurance or are required to perform their services with impartiality and objectivity.

(iii) The total number of shares available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report

The total number of shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 843,000,000 shares, representing 10% of the total number of issued shares (excluding treasury shares) as at the adoption date.

As at 31 December 2024, the Company has not granted any share options under 2023 Share Option Scheme. On 6 January 2025, the Company granted 263,500,000 awarded shares to employee participants in accordance with the terms of the 2023 Share Award Scheme. Subsequent to the grant of awards, the total number of shares available for issue under the 2023 Share Option Scheme, 2023 Share Award Scheme and any other schemes of the Company is 579,500,000, representing 6.8743% of the total number of issued shares (excluding treasury shares) as at the date of this annual report.

The total number of shares which may be issued in respect of all options and awards to be granted to the service providers under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 84,300,000, representing 1% of the total number of issued shares (excluding treasury shares) as at the adoption date.

(iv) Maximum entitlement of each participant

Where any grant of Options to an eligible participant would result in the shares issued and to be issued in respect of all options and wards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares in issue (excluding treasury shares), such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible participant and his Close Associates (or associates if such eligible participant is a connected person) abstaining from voting.



SHARE OPTION SCHEME (cont'd)

(v) Exercise period

In respect of an option, the period within which an option may be exercised by the grantee as the Board may in its absolute discretion determine and which shall not be more than 10 years from the grant date of the option.

An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the exercise period in the manner as set out in rules of the 2023 Share Option Scheme by the grantee (or any other person so permitted pursuant to the 2023 Share Option Scheme) by giving notice in writing to the Company in the manner to the satisfaction to the Company and stating that the Option is thereby exercised and specifying the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate exercise price for the shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate pursuant to rules of the 2023 Share Option Scheme, the Company shall accordingly allot and issue the relevant number of shares to the grantee (or any other person so permitted pursuant to the 2023 Share Option Scheme) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or any other person so permitted pursuant to the 2023 Share Option Scheme) share certificate(s) in respect of the shares so allotted.

(vi) Vesting period

The vesting and exercise of any Option may be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter.

Only insofar as and for so long as the Listing Rules require, the vesting period for an Option under the 2023 Share Option Scheme shall not be less than 12 months, except that the Options granted to employee participants may be less than 12 months under the following specific circumstances:

- (a) grants of "make-whole" Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants of Options to an employee participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of an Option may accelerate;
- (c) grants of Options with performance-based vesting conditions provided in these rules of the 2023 Share Option Scheme in lieu of time-based vesting criteria;
- (d) grants of Options made in batches during a year for administrative and compliance reasons (may include Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an Option would have been granted);
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months;
- (f) grants of Options with a total vesting and holding period of more than 12 months; and
- (g) such other circumstances as specified in the 2023 Share Option Scheme.

SHARE OPTION SCHEME (cont'd)

(vii) Amount payable on acceptance of the option and payment period

An offer of the grant of an Option shall remain open for acceptance by the eligible participant concerned for a period of 28 days from the grant date provided that no such grant of an Option may be accepted after the expiry of the effective period of the 2023 Share Option Scheme or after the 2023 Share Option Scheme has been terminated. An Option shall be deemed to have been granted and accepted by the eligible participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company on or before the acceptance date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate grant letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the acceptance date, it will be deemed to have been irrevocably declined.

(viii) Exercise price

Subject to the provisions of the Listing Rules, the exercise price in respect of any particular Option under the 2023 Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the grant letter) but in any event the exercise price shall not be less than whichever is the highest of:

- (a) the nominal value (if any) of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the grant date.

(ix) Life of the 2023 Share Option Scheme

Subject to the fulfilment of the conditions and the termination provisions pursuant to the 2023 Share Option Scheme, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 22 May 2023). Upon the expiry of the 2023 Share Option Scheme as aforesaid, no further Options will be offered but the provisions of the 2023 Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2023 Share Option Scheme.

SHARE AWARD SCHEMES

2022 Share Award Scheme

The Company has approved and adopted a share award scheme on 29 November 2022 (the "2022 Share Award Scheme"), which allows the Company to grant awards involving existing shares to eligible participant. The principal terms of the 2022 Share Award Scheme are summarised as follows:

Purpose (i)

The purposes and objectives of the 2022 Share Award Scheme are to recognize the contributions by certain eligible participants and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

(ii) Participants

Eligible participants of the 2022 Share Award Scheme include employee participants, related entity participants and service providers.

Service provider(s) means any person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons:

- supplier(s) of goods or services to any member of the Group and its associated companies; (a)
- customer(s) (including large-scale state-owned enterprise(s), trading firm(s) of coal products and terminal power plant(s)) of any member of the Group and its associated companies;
- consultant(s) providing business consulting services to the Group and its associated companies, including but not limited to consulting services on coal products, product quality control, regulations and policies, mining operation, research and development on mining industry;
- business or joint venture partner(s), franchisee(s), contractor(s), agent(s) or representative(s) in the mining industry of any member of the Group and its associated companies;
- person(s) or entity(ies) that provide(s) design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group and its associated companies; and
- associate(s) of any of the foregoing person(s).

(iii) The total number of shares available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report

The total number of shares in respect of which awards may be granted under the 2022 Share Award Scheme shall not exceed 843,000,000, representing 10% of the shares in issue (excluding treasury shares) as at the date of approval of the adoption of the 2022 Share Award Scheme.

SHARE AWARD SCHEMES (cont'd)

2022 Share Award Scheme (cont'd)

(iii) The total number of shares available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report (cont'd)

As at 31 December 2024, the Company has not granted any awards under the 2022 Share Award Scheme. The total number of shares available for issue under the 2022 Share Award Scheme is 843,000,000, representing 10% of the total number of issued Shares (excluding treasury shares) as at the date of this annual report.

The total number of shares in respect of which awards may be granted to the service providers under the 2022 Share Award Scheme shall not exceed 84,300,000, representing 1% of the shares (excluding treasury shares) in issue as at the adoption date.

(iv) Maximum entitlement of each eligible participant

Where any grant of awards to an eligible participant would result in the shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares in issue (excluding treasury shares), such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible participant and his close associates (or associates if such eligible participant is a connected person) abstaining from voting.

(v) Vesting period

The vesting of any award may be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter.

Only insofar as and for so long as the Listing Rules require, the vesting period for an award under the 2022 Share Award Scheme shall not be less than 12 months, except that the awards granted to employee participants may be less than 12 months under the following specific circumstances:

- (a) grants of "make-whole" Awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- (b) grants of awards to an employee participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of an award may accelerate;
- (c) grants of awards with performance-based vesting conditions provided in these rules of the 2022 Share Award Scheme in lieu of time-based vesting criteria;
- (d) grants of awards made in batches during a year for administrative and compliance reasons (may include Awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted);
- (e) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and
- (f) grants of awards with a total vesting and holding period of more than 12 months.



SHARE AWARD SCHEMES (cont'd)

2022 Share Award Scheme (cont'd)

(vi) Amount payable on acceptance of the award and payment period None.

(vii) Purchase price

In determining the purchase price (if any) of awarded shares under any Award to any eligible participant, the Board may take into consideration matters including (without limitation) the present contribution and expected contribution of the eligible participant to the profits of the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan, and any other matter which the Board considers relevant.

(viii) Life of the 2022 Share Award Scheme

Subject to the fulfilment of the conditions and the termination provisions pursuant to the 2022 Share Award Scheme, the 2022 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the adoption date.

2023 Share Award Scheme

The Company has approved and adopted a share award scheme on 22 May 2023 pursuant to which only grant of awards involving new shares may be made (the "2023 Share Award Scheme"), The principal terms of the 2023 Share Award Scheme are summarised as follows:

(i) Purpose

The purposes and objectives of the 2023 Share Award Scheme are to recognise the contributions by certain eligible participant(s) and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

(ii) Participants

Eligible participants of the 2023 Share Award Scheme include employee participants, related entity participants and service providers.

Service provider(s) means any person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons:

- (a) supplier(s) of goods or services to any member of the Group and its associated companies;
- (b) consultant(s) providing business consulting services to the Group and its associated companies, including but not limited to consulting services on coal products, product quality control, regulations and policies, mining operation, research and development on mining industry;
- (c) business or joint venture partner(s), franchisee(s), contractor(s), agent(s) or representative(s) in the mining industry of any member of the Group and its associated companies;
- (d) person(s) or entity(ies) that provide(s) design, research, development or other support or any advisory, consultancy, professional services to any member of the Group and its associated companies; and
- (e) associate(s) of any of the foregoing person(s).

SHARE AWARD SCHEMES (cont'd)

2023 Share Award Scheme (cont'd)

(ii) Participants (cont'd)

For the avoidance of doubt, service provider(s) may not include placing agent(s) or financial adviser(s) providing advisory services for fundraising, mergers or acquisitions, as well as professional service provider(s) (such as auditor(s) or valuer(s)) who provide(s) assurance or are required to perform their services with impartiality and objectivity.

(iii) The total number of shares available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report

The total number of shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 843,000,000 shares, representing 10% of the total number of issued shares (excluding treasury shares) as at the adoption date.

On 6 January 2025, the Company granted awards involving 263,500,000 awarded shares to employee participants in accordance with the terms of the 2023 Share Award Scheme, representing approximately 3.1257% of the total shares in issue as at the date of this annual report.

15,000,000 awarded shares out of the 263,500,000 awarded shares were granted to Executive Directors with details as follows:

Name	Position	Number of awarded shares granted
Mr. Ju Wenzhong	Chairman and Executive Director	5,000,000
Mr. Li Bo	Chief Executive Officer and Executive Director	5,000,000
Mr. Ji Kunpeng	Executive Director	5,000,000

The remaining 248,500,000 awarded shares were granted to employee participants who are employees of the Group but not Directors, chief executive nor substantial shareholders of the Company, or their respective associates (as defined in the Listing Rules).

The grant of awarded shares will be satisfied by issuance of new shares within the scheme mandate limit. As at the date of the annual report, there are still 579,500,000 shares available for future grants to be satisfied by new shares under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, representing 6.8743% of the issued shares (excluding treasury shares) as at the date of the annual report.

The total number of shares which may be issued in respect of all options and awards to be granted to the service providers under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company shall not in aggregate exceed 84,300,000, representing 1% of the total number of issued shares (excluding treasury shares) as at the adoption date.

(iv) Maximum entitlement of each eligible participant

Where any grant of awards to an eligible participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue (excluding treasury shares), such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible participant and his Close Associates (or associates if such eligible participant is a connected person) abstaining from voting.

SHARE AWARD SCHEMES (cont'd)

2023 Share Award Scheme (cont'd)

(v) Vesting period

The vesting of any award may be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter.

Only insofar as and for so long as the Listing Rules require, the vesting period for an award under the 2023 Share Awards Scheme shall not be less than 12 months, except that the awards granted to employee participants may be less than 12 months under the following specific circumstances:

- (a) grants of "make-whole" awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- (b) grants of awards to an employee participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of an award may accelerate;
- (c) grants of awards with performance-based vesting conditions provided in these rules of the 2023 Share Award Scheme in lieu of time-based vesting criteria;
- (d) grants of awards made in batches during a year for administrative and compliance reasons (may include awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted);
- (e) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months;
- (f) grants of awards with a total vesting and holding period of more than 12 months; and
- (g) such other circumstances as specified in the 2023 Share Award Scheme.

All 263,500,000 awarded shares granted to employee participants on 6 January 2025 will vest at one go on 6 January 2028.

(vi) Amount payable on acceptance of the award and payment period None.

(vii) Purchase price

In determining the purchase price (if any) of awarded shares under any award to any eligible participant, the Board may take into consideration matters including (without limitation) the present contribution and expected contribution of the eligible participant to the profits of the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan, and any other matter which the Board considers relevant.

The purchase price for the 263,500,000 awarded shares granted to employee participants on 6 January 2025 will be HK\$1.00 per share.

SHARE AWARD SCHEMES (cont'd)

2023 Share Award Scheme (cont'd)

(viii) Life of the 2023 Share Award Scheme

Subject to the fulfilment of the conditions and the termination provisions pursuant to the 2023 Share Award Scheme, the 2023 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 22 May 2023). Upon the expiry of the 2023 Share Award Scheme as aforesaid, no further awards will be granted but the provisions of the 2023 Share Award Scheme shall remain in force and effect in all other respects. All awards granted prior to such expiry and not then vested shall continue to be valid and be vested subject to and in accordance with the 2023 Share Award Scheme.

EQUITY-LINKED AGREEMENTS

Save for disclosed under sections headed "Share Option Scheme" and "Share Award Schemes" above, no other equity-linked agreements were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as known to the Directors and chief executives of the Company, as at 31 December 2024, the persons or corporations (other than the Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of substantial shareholders	Capacity/Type of interest	Number of ordinary shares	% of the issued ordinary shares of the Company
Mr. Zhang Li	Beneficial interests Interest of spouse Note 1	952,682,000 2,800,000	11.30% 0.03%
Madam Liao Dong Fen	Beneficial Interests Interest of spouse Note 2	2,800,000 952,682,000	0.03% 11.30%
Mr. Zhang Liang, Johnson	Founder of a discretionary trust who can influence how the trustee exercises his discretion Note 3	5,307,450,000	62.96%
TMF (Cayman) Ltd.	Trustee Note 3	5,307,450,000	62.96%
The Zhang Family Overseas Limited	Interest in a controlled corporation Note 3	5,307,450,000	62.96%
King Lok Holdings Limited	Beneficial interests Note 3	5,307,450,000	62.96%



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (cont'd)

Long position in the ordinary shares of the Company (cont'd)

Notes:

- 1. Mr. Zhang Li is the spouse of Madam Liao Dong Fen. Accordingly, under the SFO, Mr. Zhang Li is deemed to be interested in the 2,800,000 ordinary shares of the Company held by Madam Liao Dong Fen.
- 2. Madam Liao Dong Fen is the spouse of Mr. Zhang Li. Accordingly, under the SFO, Madam Liao Dong Fen is deemed to be interested in the 952,682,000 ordinary shares of the Company held by Mr. Zhang Li.
- 3. The entire issued share capital of King Lok Holdings Limited, which directly holds 5,307,450,000 ordinary shares of the Company in issue, is held by The Zhang Family Overseas Limited, a discretionary family trust with Mr. Zhang Liang, Johnson as settlor for the benefit of Mr. Zhang Liang, Johnson and his family members, which is 100% owned by TMF (Cayman) Ltd., the trustee of The Zhang Family Overseas Limited. Therefore, The Zhang Family Overseas Limited, TMF (Cayman) Ltd. and Mr. Zhang Liang, Johnson are all deemed to be interested in the ordinary shares of the Company held by King Lok Holdings Limited.

Save as disclosed above, as at 31 December 2024, the Directors and chief executive of the Company were not aware of any other person or corporation (other than the Directors or chief executive of the Company) who had any interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year ended 31 December 2024.

PURCHASE. SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold any treasury shares as of 31 December 2024.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes participated by the Group are set out in Note 2.4 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year ended 31 December 2024, the Group donated approximately RMB22.0 million in the PRC.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the biographies of the Directors and senior management of the Company are set out on pages 59 to 62 of this annual report.

CHANGES IN DIRECTORS' INFORMATION

For the year ended 31 December 2024, the Company was not aware of any changes in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the interim report for the six months ended 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the "**CG Code**"). The Board is of the view that the Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2024.

For details of the Corporate Governance Report, please refer to pages 84 to 96 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of the Company's issued shares throughout the year ended 31 December 2024 and up to the date of this annual report.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Tuesday, 20 May 2025. Notice of the annual general meeting will be issued and disseminated to the shareholders in due course.

The register of members of the Company will be closed from Thursday, 15 May 2025 to Tuesday, 20 May 2025 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to attending and voting at the forthcoming annual general meeting. In order to be entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 14 May 2025.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 29 May 2025 to Monday, 2 June 2025 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the proposed final dividend. To qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 28 May 2025.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

In addition to focusing on the development and operational efficiency of the Dafanpu Coal Mine, we also strive to build a first-class, and a large and modern mine which is "safe, environmentally friendly, energy saving, green, and highly efficient". We have implemented a number of internal policies to fulfill our social responsibility towards the environment, our employees and the local communities. Further discussion and analysis in respect of environmental and social perspective as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the "Environmental, Social and Governance Report" set out on pages 25 to 58 of this annual report and forms part of this directors' report.

During the reporting year, we complied with applicable environmental laws or regulations. We are committed to conduct our operations in a manner that complies with the applicable environmental laws and regulations, and we endeavour to mitigate the adverse impact of our operations to the environment. The production in the Dafanpu Coal Mine is subject to environmental laws and regulations relating to air and water emissions, hazardous substances and waste management. We have shown our commitment to fulfill our social responsibility towards the environment through the establishment of environmental protection systems, facilities and measures.



RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For the relationship between the Group and its employees, please refer to the paragraph headed "Human Resources and Emolument Policy" as set out in the "Management Discussion and Analysis" on page 24 of this annual report.

The Group actively interacts with its employees, customers and suppliers to maintain good relationships with them and to understand their expectations on the Group. The Group will incorporate their suggestions into its operations as far as they are feasible and in the best interest of the Group and the shareholders as a whole.

Further discussion on the relationship with employees, suppliers and customers of the Group can be found in the "Environmental, Social and Governance Report" set out on pages 25 to 58 of this annual report. The discussion forms a part of this Directors' Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to complying with the relevant laws and regulations, such as the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands, the Company Law of the PRC, Companies Ordinance (Cap. 622), the SFO, the Listing Rules and other relevant laws and regulations.

For the year ended 31 December 2024, so far as the Company is aware, there were no material breaches of or non-compliance with the relevant rules and regulations by our Group that have significant impact on the business and operations of our Group.

TAX RELIEF

The Directors were not aware of any relief from taxation to which the shareholders were entitled by reason of their holding of the Company's listed securities.

AUDITOR

KPMG will retire and offer themselves for the re-appointment as the independent auditor at the forthcoming annual general meeting.

AUDIT COMMITTEE

The audit committee of the Company comprises two Independent Non-executive Directors, namely Ms. Liu Peilian (Chairlady) and Mr. Chen Liangnuan, and one Non-executive director, namely Ms. Zhang Lin and held a meeting with the auditor of the Company on 25 March 2025 to review the annual results and the audited consolidated financial statements of the Company for the year ended 31 December 2024.

On behalf of the Board **Ju Wenzhong**Chairman and Executive Director

25 March 2025

CORPORATE GOVERNANCE CODE

As the Board believes that good corporate governance can create value for the shareholders of the Company, the Board is committed to maintaining a high standard of corporate governance practices by putting strong emphasis on a quality board of Directors, sound internal controls and effective accountability to the shareholders as a whole.

The Board is of the view that the Group has complied with the CG code throughout the year ended 31 December 2024.

The Group has adopted the code provisions in the CG Code as set out in Appendix C1 of the Listing Rules as its own code of corporate governance. The Board will continue to enhance its corporate governance practices to ensure that it complies with the CG Code and align with the latest developments.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Group has adopted the Model Code as its own code for securities transactions by the Directors.

All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the year ended 31 December 2024.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

During the year ended 31 December 2024, the Company sent notifications to the Directors and employees regarding the "black-out period(s)" as specified in the relevant codes and the relevant period when the Directors and relevant employees were not allowed to deal in the securities of the Company.

No incident of non-compliance with these guidelines by the relevant employees was brought to the attention of the Company.

THE BOARD OF DIRECTORS

Responsibilities of the Board

The Board is responsible for, and has general powers under the memorandum and articles of association of the Company for, the leadership and oversight of the Company's management and performance and the formulation and review of the Group's overall policies and strategies. Moreover, the Board is also responsible for performing corporate governance duties, including (i) to develop and review of the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (v) to review of the Company's compliance with Appendix C1 to the Listing Rules and disclosure in the corporate governance report.

During the year ended 31 December 2024, the Board has performed the above corporate governance duties. The Board has reviewed the Company's compliance with the CG Code for the year ended 31 December 2024 and this corporate governance report.



THE BOARD OF DIRECTORS (cont'd)

Responsibilities of the Board (cont'd)

All major decisions, including but not limited to those decisions affecting the finances of the Company and its shareholders, such as but not limited to the consolidated financial statements, business acquisitions, major transactions and dividend policies, are made by the Board as a whole. Each Director is aware of his or her fiduciary duties and duties and responsibilities as a director under the Listing Rules, the CG Code and applicable laws and regulations; and has acted objectively for the benefit and in the best interests of the Company and its shareholders.

Decisions of the Board are communicated to the senior management through the Executive Directors. The day-to-day management, administration and operation of the Group are delegated to the Executive Directors and the senior management team. The senior management team is also responsible for the supervision and execution of the Group's business plans. The Board periodically reviews the performance of the senior management team.

Certain functions and responsibilities are delegated to committees established by the Board. For details, please refer to the sub-sections headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

Composition of the Board

The Board comprises of three Executive Directors, one Non-executive Director and three Independent Non-executive Directors whose names are listed below. Each member of the Board brings valuable experience, knowledge and expertise to the Board for its efficient and effective functioning.

Executive Directors

Mr. Ju Wenzhong (Chairman)
Mr. Li Bo (Chief Executive Officer)
Mr. Ji Kunpeng

Non-executive Director

Ms. Zhang Lin

Independent Non-executive Directors

Ms. Liu Peilian Mr. Chen Liangnuan Ms. Xue Hui

Ms. Zhang Lin is the sister of Mr. Zhang Li, a substantial shareholder of the Company, and the aunt of Mr. Zhang Liang, Johnson, the controlling shareholder of the Company.

Except for the familial relationship between Mr. Zhang Li, Mr. Zhang Liang, Johnson and Ms. Zhang Lin as disclosed above, there is no financial, business, family or any other relevant relationship between the Directors and the substantial or the controlling shareholder of the Company.

During the year ended 31 December 2024, the Company has complied with the requirements of the Listing Rules to have three Independent Non-executive Directors representing more than one-third of the Board of whom Ms. Liu Peilian possesses appropriate professional qualifications or accounting or related financial management expertise.

THE BOARD OF DIRECTORS (cont'd)

Composition of the Board (cont'd)

Having considered the factors for assessing the independence of Independent Non-executive Directors under Rule 3.13 of the Listing Rules and the written annual confirmations from each Independent Non-executive Director, the Board considers all of its Independent Non-executive Directors to be independent.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Company's Directors identifying their roles and functions is also available on the Company's website at www.kineticme.com and on the website of the Stock Exchange.

Terms of Appointment of Directors

Executive Directors

Each of the Executive Directors of the Company has entered into a service contract for a term of three years. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Executive Director or the Company.

Non-executive Director and Independent Non-executive Directors

Each of the Non-executive Directors and Independent Non-executive Directors of the Company were all appointed by the Company for a term of three years.

Nomination, Appointment, Re-election and Removal Procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's articles of association. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such general meeting.

The nomination committee of the Board has been established to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skills and experience appropriate to meet the requirements of the Company. This committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skills, prior experience, character and other relevant aspects, including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies. Please refer to the sub-section headed "Nomination Committee" below for more details on the nomination committee of the Board.

Board Practices and Conduct of Meetings

Directors are given the opportunity to include matters in the agenda for Board meetings, with notices of regular Board meetings served to all Directors at least 14 days before the meetings. Directors are allowed to seek independent professional advice in appropriate circumstances at the Company's expense.

Directors are encouraged to make a full and active contribution to the Board's affairs and to voice out their views and concerns. Directors are supplied with sufficient information and given sufficient time for discussion to ensure that Board decisions fairly reflect Board consensus.



THE BOARD OF DIRECTORS (cont'd)

Board Practices and Conduct of Meetings (cont'd)

Whenever there is a potential conflict of interest, the matter is considered during a physical board meeting at which disinterested Independent Non-executive Directors are present and, if such interest is material, the interested Director(s) shall declare the nature of his or her or their interest in accordance with the Company's articles of association and will not vote or be counted in the quorum or any resolutions of the Board in respect of the relevant contracts or arrangements unless so authorised by the Company's articles of association. All Directors have undertaken that if a conflict of interest situation arises in respect of any of them, they shall (i) not vote or be counted in the quorum of any resolution of the Board unless so authorised by the Company's articles of association, (ii) refrain from being present during the relevant discussions at Board meetings and (iii) play no part in the decision-making process of the Board.

Minutes of Board meetings and meetings of Board committees, containing sufficient detail of the matters considered and decisions reached, including any concerns raised or dissenting views expressed, are sent to each Director for their review, comments and records within a reasonable time after each meeting. Final versions of such minutes are kept by the Company Secretary and are open for inspection by Directors upon reasonable notice.

Directors' Attendance Records

During the year ended 31 December 2024, 25 Board meetings were held at which the Directors reviewed and approved, among other things, interim and annual results of the Group, connected transactions and disclosable transactions.

During the year ended 31 December 2024, the Chairman of the Board held a meeting with the Independent Non-executive Directors without the presence of other Executive Directors. The attendance record of each Director at the aforementioned Board meetings and at the Company's Annual General Meeting held on 7 May 2024 and the Extraordinary General Meeting held on 13 March 2024 set out below:

	Attendance/Number of Meetings				
	Board	Annual	Extraordinary		
	Meeting	General Meeting	General Meeting		
Executive Directors					
Mr. Ju Wenzhong (Chairman)	21/21	1/1	1/1		
Mr. Li Bo (Chief Executive Officer)	20/21	1/1	1/1		
Mr. Ji Kunpeng	20/21	1/1	1/1		
Non-Executive Director					
Ms. Zhang Lin	14/21	1/1	0/1		
Independent Non-executive Directors					
Ms. Liu Peilian	21/21	1/1	1/1		
Mr. Chen Liangnuan	21/21	1/1	1/1		
Ms. Xue Hui	21/21	1/1	1/1		

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 December 2024, the roles of Chairman and Chief Executive Officer have been carried out by Mr. Ju Wenzhong and Mr. Li Bo respectively.

The Chairman is responsible for the Group's overall business strategy and corporate development and the identification of potential acquisition targets. The Chairman approves the agenda for, and chairs, Board meetings to ensure that all key and appropriate issues are discussed in a timely manner, including any matters proposed by other Directors. He is responsible for the effective functioning of the Board, including but not limited to taking measures to ensure that all Directors are properly briefed on issues arising at Board meetings, providing all Directors with adequate information which is accurate, clear, complete and reliable in a timely manner, communicating shareholders' views to the Board as a whole and promoting a culture of openness and constructive debate during Board meetings.

The Chief Executive Officer is responsible for the Group's overall management and operations. He works primarily with the senior management and ensures that any major strategic, corporate or management decisions made by the Board are communicated to and implemented by the senior management.

BOARD COMMITTEES

Audit Committee

The audit committee of the Board (the "Audit Committee") has been established in compliance with Rule 3.21 of the Listing Rules. It is responsible for ensuring that the Group has an appropriate and effective financial reporting, risk management and internal control systems in compliance with the Listing Rules, evaluating and determining the nature and extent of the risks the Board is willing to take in achieving the Company's objective, overseeing management in the design, implementation and monitoring of the risk management and internal control systems, overseeing the integrity of the consolidated financial statements of the Group (including the review of the quarterly, half-yearly and annual results review of risk management and internal control system), selecting and assessing the independence and qualifications of the Company's external auditor and ensuring effective communication between the Directors, internal auditors and external auditors. The Audit Committee consists of three members (including one Non-executive Director and two Independent Non-executive Directors), namely, Ms. Liu Peilian (Chairlady of the Audit Committee), who possesses the appropriate professional qualification or accounting or related financial management expertise, Mr. Chen Liangnuan and Ms. Zhang Lin. The terms of reference of the Audit Committee has been made available on the Company's website at www.kineticme.com and on the website of the Stock Exchange.

The Audit Committee held three meetings during the year ended 31 December 2024. In these three meetings, the Audit Committee discussed and reviewed, among other things, (i) the accuracy and fairness of Group's annual results for the year ended 31 December 2023 and interim results for the six months ended 30 June 2024; and (ii) the effectiveness of the Group's risk management and internal control system and internal audit function.



BOARD COMMITTEES (cont'd)

Audit Committee (cont'd)

The attendance record of each member at the Audit Committee meetings is set out below:

Audit Committee Member	Attendance/ Number of Meetings
Ms. Liu Peilian <i>(Chairlady)</i>	3/3
Ms. Zhang Lin	3/3
Mr. Chen Liangnuan	3/3

The external auditor was invited to attend the meetings without the presence of the Executive Directors to discuss issues related to audit and financial reporting with the Audit Committee. A meeting of the Audit Committee was also held on 25 March 2025 to consider and review, among other things, the Group's annual results and annual report for the year ended 31 December 2024. All members of the Audit Committee attended the meeting.

Remuneration Committee

The remuneration committee of the Board (the "Remuneration Committee") has been established in accordance with the code provisions of the CG Code. It is responsible for assisting the Board in determining the policy and structure for the remuneration of Directors and senior management, assessing the performance of Executive Directors, reviewing incentive schemes and the terms of the Directors' service contracts and fixing the remuneration packages for Executive Directors and senior management. The Remuneration Committee consists of three members (including one Non-executive Director and two Independent Non-executive Directors), namely, Ms. Xue Hui (Chairlady of the Remuneration Committee), Ms. Liu Peilian and Ms. Zhang Lin. The terms of reference of this committee has been made available on the Company's website at www.kineticme.com and on the website of the Stock Exchange.

The Remuneration Committee makes recommendations to the Board on the remuneration packages of Executive Directors and senior management. The Remuneration Committee held one meeting during the year ended 31 December 2024. In the meeting, the Remuneration Committee evaluated the performance of Executive Directors, discussed and reviewed, among other things, the remuneration policy of the Directors of the Company.

BOARD COMMITTEES (cont'd)

Remuneration Committee (cont'd)

The attendance record of each member at the Remuneration Committee meeting is set out below:

Remuneration Committee Member	Attendance/ Number of Meetings
Ms. Xue Hui <i>(Chairlady)</i>	1/1
Ms. Liu Peilian	1/1
Ms. Zhang Lin	1/1

The Remuneration Committee also held two meetings on 6 January 2025, in which the Remuneration Committee discussed and reviewed, among other things, (i) the amendments to the terms of reference of the Remuneration Committee to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules; and (ii) the grant of share awards pursuant to 2023 Share Awards Scheme.

Nomination Committee

The nomination committee of the Board (the "Nomination Committee") has been established in compliance with the code provisions of the CG Code. The Nomination Committee is responsible for determining the policy for the nomination of Directors, identifying and recommending to the Board appropriate candidates to serve as Directors, evaluating the structure and composition of the Board and developing, recommending to the Board and monitoring the nomination guidelines of the Company. The Nomination Committee consists of three members, including one Executive Director and two Independent Non-executive Directors, namely, Mr. Ju Wenzhong (Chairman of the Nomination Committee), Mr. Chen Liangnuan and Ms. Xue Hui. The terms of reference of the Nomination Committee has been made available on the Company's website at www.kineticme.com and on the website of the Stock Exchange.

The Nomination Committee held one meeting during the year ended 31 December 2024. In the meeting, the Nomination Committee discussed and reviewed, among other things, (i) the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the Group's business and that it is in compliance with the requirements under the Listing Rules; and (ii) the recommendation on re-election of retiring Directors at the annual general meeting of the Company. Please refer to the sub-section headed "Nomination, Appointment, Re-election and Removal Procedures" above for details of the policy for the nomination of directors performed by the Nomination Committee during the year.

The attendance record of each member at the Nomination Committee meeting are set out below:

	Attendance/
Nomination Committee Member	Number of Meeting
Mr. Ju Wenzhong (Chairman)	1/1
Mr. Chen Liangnuan	1/1
Ms. Xue Hui	1/1



BOARD DIVERSITY

During the year ended 31 December 2024, the Company continued to monitor Board composition with regard to its diversity policy which requires board appointments to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a wide range of diversity perspectives, including but not limited to age, gender, experience, race, geographical/cultural background and personal attributes. The nomination committee has developed measurable objectives to implement the board diversity policy and it would continue to monitor the progress in achieving these objectives. As at the publication date of this annual report, the Board comprises seven Directors, including three females and coal mining and accounting professionals. The Board is diversified in terms of gender, professional background and skills.

GENDER DIVERSITY AT WORKFORCE LEVELS

The gender diversity of the Group's workforce (including senior management) as at 31 December 2024 was approximately 85% male and 15% female. The predominant image of mining industry, being the core business of the Group, is that of a male-dominated industry requiring physical strength and good tolerance for underground and outdoor conditions. Accordingly, it is unpractical for the Group to set any specific target of gender diversity for its workforce. However, the Group is committed to providing equal opportunities to suitable candidates and staff for employment, learning and job advancement regardless of gender.

EXTERNAL AUDITOR'S REMUNERATION

The amount of fees charged by the Company's external auditor, KPMG, in respect of their audit services and non-audit services for the year ended 31 December 2024 amounted to approximately RMB5.78 million and approximately RMB1.83 million respectively.

THE COMPANY SECRETARY

The Company Secretary plays a role in supporting the Board by ensuring good information flow within the Board and also that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters and should also facilitate induction and professional development of Directors. Ms. Cheng Lucy has confirmed that she has complied with all the required qualifications and training requirements under the Listing Rules as at 31 December 2024. Mr. Chong Yuk Fai has been appointed to succeed Ms. Cheng Lucy as the Company Secretary with effect from 6 February 2025.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to Clause 191 of the Company's articles of association, every Director and officer shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur in or sustain by the execution of his/her duty or otherwise in relation thereto. Thus, the Company has arranged Directors' and Officers' liability insurance for its Directors and senior management during the year ended 31 December 2024. The insurance covers the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of corporate activities.

DIRECTORS' TRAINING

According to the code provision C.1.4 of the CG Code, Directors should participate in continuing professional development to develop and refresh their knowledge and skills by attending training and by reading materials in relation to the roles, functions and duties of a listed company director and the latest developments in the relevant rules and regulations.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code for the year ended 31 December 2024 and they participated in the following types of continuing professional development:

	Category of Continuing Professional Development
Executive Directors	
Mr. Ju Wenzhong	(I), (II)
Mr. Li Bo	(1), (11)
Mr. Ji Kunpeng	(1), (11)
Non-executive Director	
Ms. Zhang Lin	(1), (11)
Independent Non-executive Directors	
Ms. Liu Peilian	(1), (11)
Mr. Chen Liangnuan	(I), (II)
Ms. Xue Hui	(1), (11)

⁽I): Attending seminars.

INVESTOR COMMUNICATIONS AND SHAREHOLDERS' RIGHTS

The Company considers timely communication to its shareholders and/or investors and transparent reporting as key components of good corporate governance.

The Company aims to maintain frequent and timely communication with its shareholders and/or investors through a variety of communication channels, including but not limited to general meetings, annual and interim reports and official announcements. General meetings provide a platform for shareholders to exchange views with the Board and the Directors are available to answer questions at the Company's annual general meetings. Shareholders will be sent a copy of the annual and interim reports or be notified of the release of such reports. Annual and interim reports are accessible on the website of the Stock Exchange and the Company's website at www.kineticme.com, where general information on the Group's business and activities is available for public access. Official announcements will be released from time to time in accordance with the Listing Rules to update our shareholders and/or investors with the latest developments of the Group. The Board reviewed the implementation and effectiveness of the shareholders' communication policy and the results were satisfactory.

⁽II): Reading materials in relation to the roles, functions and duties of a listed company director and the latest development of relevant rules and regulations.



INVESTOR COMMUNICATIONS AND SHAREHOLDERS' RIGHTS (cont'd)

Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively.

Pursuant to Clause 64 of the Company's articles of association, one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right to vote at general meetings may deposit a written requisition (the "Written Requisition") to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Written Requisition. Such meeting shall be held within two months after the deposit of the Written Requisition if the requisition is confirmed as proper and valid. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders and investors are also welcomed to submit any enquiries to the Board and suggestions or proposals at general meetings directly to the Company's principal place of business in Hong Kong as provided in the section "Corporate Information" in this annual report.

CONSTITUTIONAL DOCUMENTS

On 25 March 2024, the Board proposed to make certain amendments to the then existing memorandum and articles of the Company (the "Existing Memorandum and Articles") and to adopt the proposed second amended and restated memorandum and articles of association of the Company (the "New Memorandum and Articles") in order to (i) bring the Existing Memorandum and Articles in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers which took effect from 31 December 2023; and (ii) incorporate certain housekeeping changes.

The proposed amendments and the adoption of the New Memorandum and Articles have been approved by the shareholders of the Company by way of a special resolution at the annual general meeting held on 24 May 2024. Details of the amendments to the Existing Memorandum and Articles are set out in the circular of the Company dated 10 April 2024. The New Memorandum and Articles are also posted on the website of the Company and the Stock Exchange.

Save as disclosed above, there has been no other change to the Company's constitutional documents during the year ended 31 December 2024.

ACCOUNTABILITY

The Directors have included a management discussion and analysis of the Group's performance for the year ended 31 December 2024 under the section headed "Management Discussion and Analysis" on pages 6 to 24 of this annual report.

DIVIDEND POLICY

Subject to Cayman Companies Law, the Company may declare, through a general meeting, final dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The Company's articles of association provides that dividends may be declared and paid out of our profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividends or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

In addition, the declaration of dividends is subject to the discretion of the Board, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- the Group's general business conditions;
- the Group's financial results;
- the progress of merger and acquisition and the Group's capital requirements;
- payment by the Company's subsidiaries of cash dividends to the Company;
- interests of the Company's shareholders; and
- any other factors which the Board may deem relevant.

Future dividend payments will also depend upon the availability of dividends received from the Company's subsidiary companies in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC generally accepted accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including the HKFRSs. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Company's subsidiaries may also be restricted if they incur debts or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Company or its subsidiaries may enter into in the future. Dividends payable by the Company to the foreign investors may be subject to PRC withholding tax. The Enterprises Income Tax Law may also affect tax exemptions on dividends that may be received by the Company and by the shareholders.

The Directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividends for a fiscal year will be subject to the shareholders' approval.



RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective risk management and internal control systems of the Group. The systems play an important role in maintaining and improving accountability and transparency in the conduct of the Group's business and are designed for the Group to identify and manage the significant risks to achieve its business objectives, safeguard the interests of the Company's shareholders, ensure compliance with relevant laws and regulations and assists in enhancing investor's confidence. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company's Internal Audit Department (the "IA Department") performs internal audit functions and the Board is responsible for overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group on an ongoing basis.

Risk Management and Internal Control Systems

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against all risk issues and material misstatement or loss. We have employed a bottom-up approach for identification, assessment and mitigation of risk at all business unit levels and across all functional areas.

Procedures Used to Identify, Evaluate and Manage Significant Risks

During the process of risk assessment, the Audit Committee is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response measures, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities. The identified risk together with the risk response measures will be recorded at the risk register and subject to the Board's oversight.

Main Features of Risk Management and Internal Control Systems

The key elements of the risk management and internal control systems of the Company include the establishment of a risk register to keep track of and document identified risks, the assessment and evaluation of risks, the development and continuous updating of response measures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk assessment approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievement of its objectives. The judgement of the risk is mainly determined in accordance with the likelihood of occurrence and consequence of occurrence of the risk, which can be categorized into 3 classes, classifying the degree of risk impact as: Minor (1), Moderate (2) and Significant (3), and the probability of occurrence of risk as: Unlikely (1), Possible (2) and Likely (3). The risk degrees reflect the level of management's attention and risk treatment effort required.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Procedures Used to Review the Effectiveness of the Risk Management & Internal Control Systems and to Resolve Material Internal Control Defects

The IA Department has performed two reviews of the effectiveness of the Group's risk management and internal control systems respectively covering the period from 1 January 2024 to 30 June 2024 and from 1 July 2024 to 31 December 2024 in compliance with the requirements under Code Provision D.2.1 of the CG Code, according to the scope of review agreed and approved by the Audit Committee covering the Group's material controls in financial, operational and compliance aspects. IA Department reported directly to the Audit Committee and the Audit Committee is satisfied that there has been no major deficiency noted in the areas of the Company's risk management and internal controls systems being reviewed after implementation of recommendations of the internal control defects reported by IA Department. Accordingly, the Board considered the risk management and internal control systems to be effective and the resources, staff qualifications and experience, training programs given to our employees and relevant budget of the Company's accounting, internal audit and financial reporting functions to be adequate.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Board has established the Inside Information Policy for the handling and dissemination of inside information. The Inside Information Policy stipulates the obligations of the Group, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemptions and waiver to the disclosure of inside information, external communication guidelines and compliance and reporting procedures. Management of the Group must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Chief Financial Officer who will notify the Board as soon as reasonably practicable accordingly for taking the appropriate prompt action. In the event that there is evidence of any material violation of the Inside Information Policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2024 and confirm that the consolidated financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the consolidated financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of Hong Kong Companies Ordinance, and reflect amounts which are based on best estimates and reasonable, informed and prudent judgment of the Board. Such acknowledgement should be read in conjunction with, but be distinguished from, the statement of the external auditor of the Company, KPMG, in relation to their reporting responsibilities as set out in their independent auditor's report on pages 97 to 101 of this annual report. The Directors are also responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

SENIOR MANAGEMENT REMUNERATION BY BAND

The remuneration of the Group's senior management, whose biographies are set out in "Directors and Senior Management" on pages 59 to 62 of this annual report, for the year ended 31 December 2024 are set out below:

Number of Individuals

Remuneration band (in RMB)

RMB nil – RMB2,000,000

RMB2,000,001 – RMB4,000,000

9

1



Year ended 31 December 2024



Independent auditor's report

To the shareholders of Kinetic Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kinetic Development Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 102 to 179, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 2.1 to the consolidated financial statements, which indicates that the Group determines to incur significant capital expenditure for its proposed acquisitions and its mining projects. The Group's ability to fund the expenditure largely relies on its ability to generate future operating cash inflows and obtain borrowings from banks or other financial institutions which may be influenced by government policies and volatility in coal market price. As stated in Note 2.1 to the consolidated financial statements, these facts or circumstances, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

KEY AUDIT MATTER (cont'd)

Revenue recognition

Refer to Note 5 to the consolidated financial statements and the accounting policies on page 127.

The Key Audit Matter

The Group is principally engaged in the coal mining and trading business, from which the Group has earned relevant revenue amounted to RMB5,368,508,000 for the year ended 31 December 2024.

The Group enters into sale agreements with customers and, in accordance with the terms of the agreements, revenue is recognised when the control of the coal has been transferred to the customers. Management evaluates the terms of individual agreements in order to determine the appropriate timing for revenue recognition.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing for recognition of revenue by management to meet specific targets or expectations.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls over revenue recognition;
- inspecting sale agreements, on a sample basis, to understand the terms of delivery and assessing whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, revenue transactions recorded during the year with the underlying sale agreements, delivery documents, invoices and bank-in slips for settled balances and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition policies;
- obtaining confirmations, on a sample basis, from major customers of the Group based on sales transactions recognised during the year;
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying sale and purchase agreements and delivery documents to determine whether the related revenue had been recognised in the appropriate financial period;
- comparing details of a sample of journals, which met certain risk-based criteria, with relevant underlying documentation; and
- assessing whether the Group's disclosures in the consolidated financial statements in respect of revenue comply with the requirements of the prevailing accounting standards.



INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or related safeguards applied.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Man Siu Kei.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	5	5,655,829	4,745,069
Cost of sales		(2,532,609)	(1,942,031)
Gross profit		3,123,220	2,803,038
Other incomes and losses, net	6	(75,247)	(27,000)
Gains on fair value changes of financial assets	22	144,493	29,278
Selling expenses		(39,730)	(16,938)
Administrative expenses		(344,114)	(257,146)
Profit from operations		2,808,622	2,531,232
Share of profits less losses of associates		10,610	11,109
Finance costs	8	(82,477)	(101,440)
Profit before taxation	7	2,736,755	2,440,901
Income tax expense	11	(656,101)	(368,178)
Profit for the year		2,080,654	2,072,723
Other comprehensive income for the year that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements			
from functional currency to presentation currency		25,821	42,547
Total comprehensive income for the year		2,106,475	2,115,270



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Profit for the year attributable to:			
Equity shareholders of the Company		2,109,787	2,077,831
Non-controlling interests		(29,133)	(5,108)
		2,080,654	2,072,723
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		2,134,877	2,121,303
Non-controlling interests		(28,402)	(6,033)
		2,106,475	2,115,270
Basic and diluted earnings per share attributable to equity			
shareholders of the Company (RMB cents)	13	25.06	24.65

Consolidated Statement of Financial Position

31 December 2024

	Note	2024 RMB'000	2023 RMB'000
	14010		
Non-current assets			
Property, plant and equipment	15	3,431,271	2,483,678
Right-of-use assets	16	186,832	88,049
Intangible assets	17	3,200,749	3,233,648
Goodwill	18	156,181	250,673
Interest in associates	19	174,032	79,833
Deferred tax assets	31	75,142	26,726
Prepayments for proposed acquisitions	20	2,236,770	2,449,881
Other non-current assets	21	261,055	168,239
Total non-current assets		9,722,032	8,780,727
		., ,,,,	-,,
Current assets			
Financial assets at fair value through profit or loss	22	334,409	220,592
Inventories	23	1,716,335	115,274
Trade and other receivables	24	200,439	194,053
Pledged and restricted deposits	25	127,584	727,784
Cash at bank and on hand	25	629,937	734,143
Current portion of other non-current assets	21	259,990	165,341
Total current assets		3,268,694	2,157,187
Current liabilities			
Trade and other navables	26	1,522,347	1,066,741
Trade and other payables Contract liabilities	27	891,021	68,351
Bank loans	28	535,720	1,033,000
Lease liabilities	29	20,363	1,898
Income tax payable	20	456,410	402,086
Total current liabilities		3,425,861	2,572,076
Net current liabilities		(157,167)	(414,889)
Total assets less current liabilities		9,564,865	8,365,838



Consolidated Statement of Financial Position

31 December 2024

		2024	2023
	Note	RMB'000	RMB'000
Non-current liabilities			
Bank loans	28	342,600	269,800
Lease liabilities	29	57,193	6,989
Long-term payables	30	779,414	583,936
Deferred tax liabilities	31	53,362	41,841
Accrual for reclamation costs	32	57,549	43,073
Total non-current liabilities		1,290,118	945,639
NET ASSETS		8,274,747	7,420,199
EQUITY			
Share capital	33	54,293	54,293
Reserves	35	8,173,983	7,313,557
Total equity attributable to equity shareholders of			
the Company		8,228,276	7,367,850
Non-controlling interests		46,471	52,349
TOTAL EQUITY		8,274,747	7,420,199

Approved and authorised for issue by the board of directors on 25 March 2025.

Ju WenzhongChairman and Executive Director

Li Bo
Chief Executive Officer and Executive Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to equity shareholders of the Company								
	Share capital RMB'000 (Note 33)	Share premium RMB'000 (Note 34)	Share award scheme reserves RMB'000 (Note 35(i))	Other reserves RMB'000 (Note 35(ii))	Statutory reserves RMB'000 (Note 35(iii))	Exchange reserve RMB'000 (Note 35(iv))	Retained profits RMB'000	Total RMB '000	Non- controlling interests RMB '000	Total equity RMB'000
At 1 January 2024	54,293	483,907	-	141,831	2,348,715	42,400	4,296,704	7,367,850	52,349	7,420,199
Profit for the year	-	-	_	-	-	_	2,109,787	2,109,787	(29,133)	2,080,654
Other comprehensive income	-	-	-	-	-	25,090	-	25,090	731	25,821
Total comprehensive income for the year	_	_	_	_		25,090	2,109,787	2,134,877	(28,402)	2,106,475
Dividends paid	-	-	-	-	-	-	(1,228,416)	(1,228,416)	-	(1,228,416)
Transfer to statutory reserves Appropriation of maintenance and	-	-	-	-	31,830	-	(31,830)	-	-	-
production funds Utilisation of maintenance and	-	-	-	-	280,465	-	(280,465)	-	-	-
production funds	-	_	-	_	(64,829)	_	64,829	_	_	_
Capital injection into a subsidiary	-	-	-	(22,524)	-	-	-	(22,524)	22,524	-
Purchase of shares under share award schemes	-	-	(23,511)	-	-	-	-	(23,511)	_	(23,511)
At 31 December 2024	54,293	483,907	(23,511)	119,307	2,596,181	67,490	4,930,609	8,228,276	46,471	8,274,747

		Attributable to equity shareholders of the Company									
		()									
		Share	Share	Other	Statutory	Exchange	Retained		Non- controlling	Total	
		capital	premium	reserves	reserves	reserve	profits	Total	interests	equity	
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB '000	RMB '000	RMB'000	
		(Note 33)	(Note 34)	(Note 35(ii))	(Note 35(iii))	(Note 35(iv))					
At 1 January 2023		54,293	483,907	141,831	2,001,270	(1,072)	3,648,565	6,328,794	(12,004)	6,316,790	
•		· · · · · · · · · · · · · · · · · · ·									
Profit for the year		-	-	-	-	-	2,077,831	2,077,831	(5,108)	2,072,723	
Other comprehensive income		_	-	-	-	43,472	-	43,472	(925)	42,547	
Total comprehensive income for the year		-	_	_	_	43,472	2,077,831	2,121,303	(6,033)	2,115,270	
Dividends paid	12	-	-	-	-	-	(775,243)	(775,243)	-	(775,243)	
Dividend declared	26	-	-	-	-	-	(307,004)	(307,004)	-	(307,004)	
Transfer to statutory reserves		-	-	-	173,065	-	(173,065)	-	-	-	
Appropriation of maintenance and											
production funds		-	-	-	224,058	-	(224,058)	-	-	-	
Utilisation of maintenance and											
production funds		-	-	-	(49,678)	-	49,678	-	-	-	
Acquisition of subsidiaries		-	-			_	-	-	70,386	70,386	
At 31 December 2023		54,293	483,907	141,831	2,348,715	42,400	4,296,704	7,367,850	52,349	7,420,199	



Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		2,736,755	2,440,901
Adjustments for:			
Depreciation of property, plant and equipment	7	134,397	106,139
Amortisation of intangible assets	7	34,889	27,947
Depreciation of right-of-use assets	7	6,498	5,158
Impairment of goodwill	6	94,492	_
Impairment of other non-current assets	6	17,213	_
Write-down of inventories		86,622	_
Finance costs	8	82,477	101,440
Interest income	6	(34,861)	(19,792)
Net gains on redemption of financial assets at fair value		(3,755,7	(-, - ,
through profit or loss	6	(1,180)	_
Share of profits of associates		(10,610)	(11,109)
Gains on fair value changes of financial assets		(144,493)	(29,278)
Gains on disposal of an associate	6	` _	(21,152)
Losses/(gains) on disposal of property, plant and equipment			,
and termination of lease contracts	6	116	(7,355)
Compensation received	6	_	(15,000)
(Increase)/decrease in inventories		(380,094)	20,955
(Increase)/decrease in trade and other receivables		(21,825)	91,538
Increase/(decrease) in trade and other payables and			
contract liabilities		322,051	(225,344)
Decrease in restricted deposits		32,455	9,219
Cash generated from operations		2,954,902	2,474,267
Income tax paid		(605,162)	(762,461)
Net cash flows generated from operating activities		2,349,740	1,711,806

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Note	RMB'000	2023 RMB'000
Investing activities			
Dividends received from an associate		10,058	13,185
Interest received		29,838	16,797
Proceeds from disposal of items of property, plant and equipment		1,164	_
Payments for property, plant and equipment, intangible assets and other non-current assets		(454,174)	(490,004)
Prepayment for application of license of enlarged coal			
production capacity	21	(90,967)	_
Acquisition of subsidiaries, net of cash acquired	41	(53,914)	(194,124)
Loans to a related party	38(b)	(17,097)	(99,549)
Investment in an associate		(93,647)	_
Prepayments for the proposed acquisitions	20(c)	(65,013)	(147,000)
Increase in pledged deposits for notes payable		(32,255)	(61,100)
Proceeds from disposal of an associate		-	43,330
Purchase of financial assets at fair value through profit or loss	22(b)	(78,009)	_
Redemption of financial assets at fair value through profit or loss		25,131	-
Others		-	14,585
Net cash flows used in investing activities		(818,885)	(903,880)
Financing activities			
Proceeds from bank loans		610,070	1,069,370
Repayment of bank loans		(1,034,550)	(649,570)
Repayment of other borrowing		(193,190)	_
Dividends paid		(1,535,420)	(775,243)
Interest paid		(47,514)	(64,657)
Purchase of shares under share award schemes		(23,511)	_
Lease paid		(6,128)	(670)
Decrease in pledged time deposits for bank loans		600,000	200,000
Increase in pledged time deposits for bank loans		-	(400,000)
Net cash flows used in financing activities		(1,630,243)	(620,770)
		, , , ,	/
Net (decrease)/increase in cash and cash equivalents		(99,388)	187,156
Cash and cash equivalents at 1 January		734,143	551,866
Effect of foreign exchange rate changes		(4,818)	(4,879)
	25	629,937	734,143



Year Ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 July 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) and its shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the extraction and sales of coal products. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors of the Company (the "**Directors**"), King Lok Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; and the ultimate holding company of the Company is TMF (Cayman) Ltd., a company incorporated in Cayman Islands.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the assets and liabilities are stated at their fair value as explained in the accounting policies set out in Note 2.4. The consolidated financial statements also comply with the applicable disclosure requirements set out in the Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2.2 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in the consolidated financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3 to the consolidated financial statements.

Year Ended 31 December 2024

2.1 BASIS OF PREPARATION (cont'd)

As at 31 December 2024, the Group had net current liabilities of RMB157,167,000 and has undertaken several acquisitions with prepayments made amounting to RMB2,236,770,000 as disclosed in Note 20 to the consolidated financial statements. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be RMB1,347,104,000; and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group may seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure.

The Group's ability to fund the aforementioned acquisitions and capital expenditures largely relies on its future operating cash inflows and its ability to finance through external borrowings, which may be influenced by the government macro-control policies and volatility in coal market price.

The scale of the expected capital expenditure and possible mismatch of future cash flow projections may indicate the existence of a material uncertainty which would cast significant doubt on the Group's ability to continue as a going concern.

The Directors assessed the Group's ability to continue as a going concern, taking into account (i) the Group's current cash at bank and on hand; (ii) the expected operating cash flows of the Group for at least the next twelve months from the end of the current reporting year; and (iii) the Group's capital expenditure and other necessary additional amount forecast for at least the next twelve months from the end of the current reporting year, with the potential gap to be satisfied by external borrowings. The Directors are of the opinion that the Group is proactively monitoring the progress of the acquisitions and additional cashflow needs and will take feasible initiatives to conclude the transactions. The Group will also carefully monitor its liquidity position. Assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from bank or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Basis of consolidation

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group performs the assessment in accordance with Note 2.4 Asset acquisition.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include the amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.



Year Ended 31 December 2024

2.1 BASIS OF PREPARATION (cont'd)

Basis of consolidation (cont'd)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2.4 Trade and other payables and Interest-bearing borrowings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Year Ended 31 December 2024

2.1 BASIS OF PREPARATION (cont'd)

Basis of consolidation (cont'd)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to the consolidated financial statements for the current accounting year:

 Amendments to HKAS 1, Presentation of financial statements – Classification of liabilities as current or non-current ("2020 amendments") and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants ("2022 amendments")

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

• Amendments to HKFRS 16, Leases - Lease liability in a sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.



Year Ended 31 December 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (cont'd)

• Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

None of the amendments to HKFRSs have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in the consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's consolidated statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2.4 Impairment of non-financial assets).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss and other comprehensive income in the period in which it arises.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at their fair values less costs to sell, except where fair value cannot be measured reliably due to unavailability of quoted market prices and for which alternative fair value measurements are determined to be unreliable, in which case the assets are stated at costs incurred less any accumulated depreciation and any accumulated impairment losses.

Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after property, plant and equipment put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment need to be replaced at intervals, the Group recognises these parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to allocate the cost of each item of property, plant and equipment other than mining structures to its residual value over its estimated useful life as follows:

	Depreciable life
Buildings	20-40 years
Machinery and equipment	3-15 years
Motor vehicles	5-10 years
Office equipment	3-6 years

Mining structures are depreciated on the units-of-production method based on proved and probable coal reserves.

Where part of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Property, plant and equipment and depreciation (cont'd)

An item of property, plant and equipment including any significant parts initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, machinery and equipment, and mining structures under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at end of each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining rights are amortised using the units-of-production method based on the proved and probable coal reserves. The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the unexpired term of leases.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Credit losses

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- contract assets as defined in HKFRS 15.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the
 expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Credit losses (cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Credit losses (cont'd)

Basis of calculation of interest income (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Inventories

Inventories are measured at the lower of cost or net realisable value as follows:

Coal products

Coal products are stated at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Completed properties held for sales and properties under development

Completed properties held for sales and properties under development comprise specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses.

Financial assets at fair value through profit or loss

Trust wealth management investments are initially recognised at fair value, for which transaction costs are recognised directly in profit or loss. Trust wealth management investments are subsequently stated at fair value through profit or loss (FVPL). Changes in the fair value of the investments are recognised in profit or loss.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policies for borrowing costs.

Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Obligations for land reclamation

The Group's obligations for land reclamation consist of spending estimates for underground mines in accordance with the PRC rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period when the Group has such present obligation. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and corresponding asset are recognised at the appropriate discount rate.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is recognised in respect of all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial
 recognition of an asset or liability in a transaction that is not a business combination and, at the time of
 the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to
 equal taxable and deductible temporary differences;
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

- (a) from the sales of goods, revenue is recognised when the customer takes possession of and accepts the goods, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchasers obtain the physical possession or the legal title of the completed properties and the Group has the present right to payment from the purchasers.
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Obligations for contributions to defined contribution retirement plans in the Group's other operating regions function under the relevant local regulations and are expensed as the related services are provided.

Share-based payments

The shares awarded under the share award schemes are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Share award scheme reserves" and deducted from equity.

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the closing price of the Company's shares on grant date plus any directly attributable incremental costs. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in Note 12 to the consolidated financial statements.



Year Ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Foreign currencies

The functional currency of the Company is Hong Kong dollar. The consolidated financial statements are presented in RMB because it is the currency mainly held by the Group's subsidiaries to carry out the Group's business. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of the Company and these subsidiaries are translated into the presentation currency of the Group at the exchange rate prevailing at the end of the reporting period and the profit or loss is translated into RMB at the weighted average exchange rate for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of deferred tax liabilities for withholding taxes

Deferred tax liabilities are recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. Management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared.

Year Ended 31 December 2024

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Judgements (cont'd)

Recognition of deferred tax liabilities for withholding taxes (cont'd)

The management is of the view that it is able to fully control the timing of the reversal of the temporary difference arising from dividend distribution of these subsidiaries and it is probable that these subsidiaries will make such profit distribution in the foreseeable future. Therefore, the Group has recognised deferred tax liabilities for withholding taxes.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Coal reserves

Estimates of the Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation and amortisation rates.

Despite the inherent imprecision in these estimates, they are used in determining depreciation, amortisation and impairment losses. Depreciation and amortisation rates are determined based on estimated proved and probable coal reserve quantities (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are depreciated and amortised based on the units of coal produced.

Obligations for land reclamation

The estimation of the liabilities for final reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liabilities. The Group considers the factors including the future production volume and development plan, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liabilities, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligations will be recognised at the appropriate discount rate. As at 31 December 2024, the Group had an accrual for reclamation costs amounted to RMB57,549,000 (31 December 2023: RMB43,073,000).



Year Ended 31 December 2024

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Estimation uncertainty (cont'd)

Impairment of goodwill and other non-financial assets

The Group assesses whether there are any indicators of impairment for non-financial assets at the end of each reporting period. Goodwill and non-financial assets when there are indicators that the carrying amounts may not be recoverable, are tested for impairment. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. For the Group's goodwill and other non-financial assets, value in use calculation is used to assess impairment. When value in use calculations are undertaken, the management must estimate the expected future cash flows from the asset or cash-generating unit, using key assumptions such as forecasted market price of coal and other products, production volumes and coal reserves, and choose a suitable discount rate in order to calculate the present value of those cash flows.

For details of the Group's goodwill and non-financial assets, please refer to Notes 18, 15, 16 and 17 to the consolidated financial statements.

4 SEGMENT INFORMATION

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker ("CODM") of the Group that are used to assess the performance and allocate resources. The Group manages its businesses by business lines, in a manner consistent with the way in which the information is reported internally to the Group's CODM. During the year ended 31 December 2024, the Group entered into agreements with counterparties to acquire certain properties and expanded its business into additional lines beyond coal mining. The reportable segments of the Group are coal mining segment and other segments, which mainly include real estate development, agriculture and animal husbandry and cigar and tobacco, all of which align with the business plans and information provided to the CODM of the Group.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current and non-current assets, excluding financial assets at fair value through profit or loss and deferred tax assets. Segment liabilities include all current and non-current liabilities, excluding income tax payable, taxes payable other than income tax and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The head office and corporate expenses are not allocated to individual segments.

Profit before taxation is utilized to assess the profit or loss of the reporting segment.

Year Ended 31 December 2024

4 SEGMENT INFORMATION (cont'd)

(i) Segment results, assets and liabilities (cont'd)

The information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	Coal mining segment Other		Coal mining segment Other segments Tot		tal	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	5,368,508	4,733,879	318,328	36,172	5,686,836	4,770,051
Inter-segment revenue	-		(31,007)	(24,982)	(31,007)	(24,982)
Revenue from external customers	5,368,508	4,733,879	287,321	11,190	5,655,829	4,745,069
D						
Reportable segment profit/(loss) before taxation	3,045,732	2,538,963	(206,958)	(21,020)	2,838,774	2,517,943
Interest income	33,873	16,241	241	71	34,114	16,312
	00,0.0	10,211			• .,	.0,0.2
Finance costs	(77,624)	(97,218)	(4,733)	(4,131)	(82,357)	(101,349)
Depreciation and amortisation	(136,823)	(127,211)	(37,710)	(11,380)	(174,533)	(138,591)
Impairment on goodwill, other						
non-current assets and inventories	-		(198,327)	-	(198,327)	-
Reportable segment assets	9,105,228	8,347,866	3,475,947	2,342,730	12,581,175	10,690,596
Additions to non-current						
segment assets	1,466,147	564,056	182,945	327,887	1,649,092	891,943
Reportable segment liabilities	3,067,974	2,704,203	953,006	200,705	4,020,980	2,904,908



Year Ended 31 December 2024

4 SEGMENT INFORMATION (cont'd)

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Note	2024 RMB'000	2023 RMB'000
Revenue Reportable segment revenue Elimination of inter-segment revenue		5,686,836 (31,007)	4,770,051 (24,982)
Consolidated revenue	5	5,655,829	4,745,069
	Note	2024 RMB'000	2023 RMB'000
Profit Reportable segment profit before taxation Elimination of inter-segment profits		2,838,774 -	2,517,943 -
Reportable segment profit before taxation derived from Group's external customers Other incomes and losses, net Depreciation and amortisation Finance costs Unallocated head office and corporate expenses		2,838,774 (49,361) (14,777) (120) (37,761)	2,517,943 (51,509) (653) (91) (24,789)
Consolidated profit before taxation		2,736,755	2,440,901
	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Assets Reportable segment assets Financial assets at fair value through profit or loss Deferred tax assets	22 31	12,581,175 334,409 75,142	10,690,596 220,592 26,726
Consolidated total assets		12,990,726	10,937,914

Year Ended 31 December 2024

4 SEGMENT INFORMATION (cont'd)

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities (cont'd)

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Liabilities			
Reportable segment liabilities		4,020,980	2,904,908
Income tax payable		456,410	402,086
Taxes payable other than income tax	26	185,227	168,880
Deferred tax liabilities	31	53,362	41,841
Consolidated total liabilities		4,715,979	3,517,715

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (excluding the deferred tax assets). The geographical location of customers is based on the location at which the goods or services are delivered. The geographical location of the non-current assets is based on the physical location of the asset to which they are operated or the location of the business to which they are managed.

	Revenu		.,	
	external customers		Non-curr	ent assets
			At 31 December	At 31 December
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	5,639,594	4,743,699	8,999,301	8,165,143
Others regions or countries	16,235	1,370	647,589	588,858
	5,655,829	4,745,069	9,646,890	8,754,001



Year Ended 31 December 2024

5 REVENUE

The principal activities of the Group are the extraction and sales of coal products. Revenue represents the sales value of goods supplied to customers, excluding value added taxes or any trade discounts.

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Sales of coal products	5,368,508	4,733,879
Sales of properties Others	236,427 50,894	11,190
	5,655,829	4,745,069

Revenue from the joint trial operation of Yong'an Coal Mine of the Group for the year ended 31 December 2024 was RMB21,516,000.

Revenue from major customers accounting for more than 10% of the Group's revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from major customers		
Customer A	818,412	_
Customer B	715,176	218,783
Customer C	578,074	528,055

Note: Customer A did not have any transaction with the Group during the year ended 31 December 2023 while Customer B contributed less than 10% of the Group's revenue for the year ended 31 December 2023.

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	5,655,829	4,745,069

Year Ended 31 December 2024

5 REVENUE (cont'd)

Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of coal and other products

The performance obligation is satisfied upon delivery of the coal and other products and certain residual payment, representing 10% to 20% of transaction amounts, is generally due within 30 to 90 days from delivery.

Sales of properties

The performance obligation is satisfied upon delivery of the completed properties.

6 OTHER INCOMES AND LOSSES, NET

	Note	2024 RMB'000	2023 RMB'000
Government grants		79,101	89,554
Interest income		34,861	19,792
Net gains on redemption of financial assets at			
fair value through profit or loss		1,180	_
Impairment of goodwill	18	(94,492)	_
Foreign exchange differences, net		(51,954)	(54,675)
Donation		(21,982)	(119,158)
Impairment of other non-current assets		(17,213)	_
Penalties		(9,718)	(6,502)
Gains on disposal of an associate		_	21,152
Compensation received		_	15,000
Net (losses)/gains on disposal of property,			,
plant and equipment		(116)	7,355
Others		5,086	482
		(75,247)	(27,000)



Year Ended 31 December 2024

7 PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	Note	2024 RMB'000	2023 RMB'000
Cost of inventories sold		1,276,455	886,466
Transportation and storage costs		1,256,154	1,055,565
Cost of sales		2,532,609	1,942,031
		2,002,000	1,012,001
Salaries, wages, bonuses and benefits		408,545	339,718
Contribution to defined contribution plans		16,744	14,426
Staff costs (including directors' emoluments (Note 9))		425,289	354,144
Depreciation of property, plant and equipment	15	134,397	106,139
Amortisation of intangible assets	17	34,889	27,947
Depreciation of right-of-use assets	16	6,498	5,158
Auditor's remuneration			
- Annual audit service		5,780	5,300
- Non-audit service		1,830	630

Cost of inventories sold for the year ended 31 December 2024 included RMB375,121,000 (2023: RMB299,605,000) relating to staff costs, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets, which were included in the respective expenses disclosed above.

8 FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest expenses Unwinding of discount	47,767 34,710	64,824 36,616
	82,477	101,440

Year Ended 31 December 2024

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to the section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Salaries, allowances and benefits in kind RMB'000	Directors' fees RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive Directors:					
Mr. Ju Wenzhong	1,094	2,189	420	209	3,912
Mr. Li Bo	744	912	420	99	2,175
Mr. Ji Kunpeng	744	912	420	93	2,169
	2,582	4,013	1,260	401	8,256
Non-executive Director:					
Ms. Zhang Lin	-	547	-	_	547
Independent Non-executive Directors:					
Ms. Liu Peilian	_	547	-	_	547
Ms. Xue Hui	_	547	_	_	547
Mr. Chen Liangnuan	-	532	-	-	532
	2,582	6,186	1,260	401	10,429



Year Ended 31 December 2024

9 DIRECTORS' EMOLUMENTS (cont'd)

	Salaries, allowances and benefits in kind RMB'000	Directors' fees RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
2023					
Executive Directors:					
Mr. Ju Wenzhong	1,090	2,134	800	202	4,226
Mr. Li Bo	631	889	800	63	2,383
Mr. Ji Kunpeng	740	889	800	63	2,492
	2,461	3,912	2,400	328	9,101
Non-executive Director:					
Ms. Zhang Lin	_	522	-	_	522
Independent Non-executive Directors:	_				
Ms. Liu Peilian	_	522	_	_	522
Ms. Xue Hui	_	522	_	_	522
Mr. Chen Liangnuan	_	500	-	-	500
	2,461	5,978	2,400	328	11,167

Year Ended 31 December 2024

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: three) are the Directors whose emoluments are disclosed in Note 9. The aggregate amounts of the emoluments of the other two (2023: two) individuals who are not the Directors are as follows:

The emoluments of the two (2023: two) individuals who are not the Directors with the highest emoluments are within the following bands:

	Number of 2024	employees 2023
HKD1,500,001 to HKD2,000,000	1	_
HKD2,000,001 to HKD2,500,000	-	1
HKD3,500,001 to HKD4,000,000	1	_
HKD4,000,001 to HKD4,500,000	-	1
	2	2

11 INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax – the PRC Deferred income tax	659,730	379,977
Reversal and origination of temporary differences (Note 31)	(3,629)	(11,799)
Total tax expense for the year	656,101	368,178

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries, including but not limited to Blue Gems Worldwide Limited, Porus Power Limited, Star Idea Enterprises Limited and Power Wisdom Strategic Limited, were not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.



Year Ended 31 December 2024

11 INCOME TAX EXPENSE (cont'd)

- **(b)** Pursuant to the rules and regulations of the Kingdom of Cambodia, Power Cigar Tobacco Co., Ltd. was subject to a rate of 20% on the taxable income.
- (c) Except for Inner Mongolia Zhunge'er Kinetic Coal Limited ("Kinetic Coal"), the PRC corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as qualified enterprise subject to the "Western Development policy" on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.
- Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore subject to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. In 2023, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR Certificate of Resident Status for the calendar year 2022 and the two succeeding calendar years, respectively. As a result, under the "Arrangement between the Mainland China and Hong Kong SAR for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income", the Group was subject to a withholding tax rate of 5% from 2022 to 2024. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the year ended 31 December 2024.
- (e) Reconciliation between income tax expense and profit before taxation at applicable tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before taxation	2,736,755	2,440,901
Tax on profit before taxation, calculated at the rates		
applicable to the results in the jurisdictions concerned	465,236	474,776
Effect of non-deductible expenses	8,761	4,556
Adjustments in respect of current tax for previous years	715	(108,389)
Effect of non-taxable income	(847)	(1,660)
Effect of withholding tax on the distributable profit of the		
Group's PRC subsidiaries	94,207	(43,671)
Tax losses not recognised as deferred tax assets	88,029	42,566
Income tax expense	656,101	368,178

Year Ended 31 December 2024

12 DIVIDENDS

	2024 RMB'000	2023 RMB'000
Interim dividend paid - HKD4.0 cents (2023: HKD3.0 cents)		
per ordinary share	308,953	231,978
Special dividend paid - HKD7.0 cents (2023: HKD4.0 cents)		
per ordinary share	537,491	307,004
Declared special dividend – HKD3.5 cents (2023: nil)		
per ordinary share	273,288	_
Proposed final dividend - HKD4.5 cents (2023: HKD5.0 cents)		
per ordinary share	351,293	381,972

On 18 March 2025, the Board has further resolved to declare a special dividend of HKD3.5 cents per ordinary share. The declared special dividends are scheduled to be paid in cash on or around 15 April 2025.

The proposed final dividends subsequent to the end of the reporting year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final dividends and the declared special dividends have not been recognised as a liability as at 31 December 2024.

13 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit for the year attributable to equity shareholders of the Company of RMB2,109,787,000 and the weighted average number of ordinary shares of 8,418,618,000 in issue during the year. The calculation of the weighted average number of ordinary shares takes into account the effect of the purchase of shares under the share award scheme and further details are set out in Note 35(i) to the consolidated financial statements.

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit for the year attributable to equity shareholders of the Company of RMB2,077,831,000 and the weighted average number of ordinary shares of 8,430,000,000 in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023, and therefore, diluted earnings per share is the same as the basic earnings per share.



Year Ended 31 December 2024

14 INVESTMENT IN SUBSIDIARIES

					Proportion of ownership interest			
		Place of	Particulars		Group's	Held	Held	
Name of company	Note	incorporation and business	of issued capital/ registered capital	Paid up capital	effective interest	by the Company	by a subsidiary	Principal activities
Blue Gems Worldwide Limited		BVI	USD1	USD1	100%	100%	_	Investment holding
Kinetic (Asia) Limited		Hong Kong	HKD229,330,000	HKD229,330,000	100%	4000/	100%	Investment holding
Porus Power Limited Prosperity Power (Asia) Limited		BVI Hong Kong	USD1 HKD1	USD1 HKD1	100%	100%	100%	Investment holding
Kinetic (Qinhuangdao) Energy Group Co., Ltd.** ("Kinetic Qinhuangdao")		Hong Kong Mainland China	HKD1,505,288,000	HKD1,505,288,000	100% 100%	-	100%	Investment holding Sale of mineral products
(力量(秦皇島)能源集團有限公司)								
Inner Mongolia Zhunge'er Kinetic Coal Ltd.* (內蒙古准格爾旗力 量煤業有限公司)		Mainland China	RMB1,080,000,000	RMB1,080,000,000	100%	-	100%	Coal mining and sale of mineral products
Kinetic (Tianjin) Coal Co., Limited* ("Kinetic Tianjin") (力量 (天津) 煤炭貿易有限公司)		Mainland China	RMB10,000,000	RMB10,000,000	100%	-	100%	Trading of mineral products
Tianjin Kinetic Fuying Energy Co., Ltd.* (天津力量富盈能源有限公司)		Mainland China	RMB100,000,000	RMB10,000,000	100%	-	100%	Trading of mineral products
Inner Mongolia Liangyun Animal Husbandry Development Co., Ltd.* (內蒙古量蘊牧業發展有限公司)		Mainland China	RMB50,000,000	RMB50,000,000	100%	-	100%	Breeding, production and sales of breeding stock
Inner Mongolia Liangyun Agriculture Development Co., Ltd.* (內蒙古量蘊農業發展有限公司)		Mainland China	RMB5,000,000	RMB5,000,000	100%	-	100%	Production and sales of wine and fruit wine and grape planting
Shanxi Power Yingtong Real Estate	(a)	Mainland China	RMB50,000,000	-	100%	-	100%	Properties development
Development Co., Ltd.** (山西力量盈通房地產開發有限公司)								and sales
Inner Mongolia Power Coal Washing Co., Ltd.* (內蒙古力量煤炭洗選有限公司)	(a)	Mainland China	RMB10,000,000	RMB10,000,000	100%	-	100%	Coal processing
Guizhou Kinetic Mines Co., Ltd.** (貴州力量礦業有限公司)		Mainland China	RMB297,000,000	-	100%	-	100%	Production and sales of mineral products
Guangzhou Yueli Electronic Technology Co., Ltd.*		Mainland China	RMB50,000,000	RMB36,750,000	73%	-	73%	Development, production and sales of e-vapor
(廣州悅力電子科技有限公司)								and saids of a vapor
Ningxia Kinetic Mining Co., Ltd.* ("Ningxia Kinetic") (寧夏力量		Mainland China	RMB289,700,000	RMB289,700,000	100%	-	100%	Coal mining and sale of mineral products
礦業有限公司) Wuhai Fuliang Real Estate Development Co., Ltd.* ("Wuhai Fuliang") (烏海富量房		Mainland China	RMB30,000,000	-	100%	-	100%	Development and sale of real estate
地產開發有限公司)								
Wuhai Fuliang Property Management Co., Ltd.* (烏海富量物業管理有限公司)		Mainland China	RMB5,000,000	-	100%	-	100%	Property Management
Inner Mongolia Kinetic Energy Co., Ltd.* (內蒙古力量能源銷售有限公司)		Mainland China	RMB10,000,000	-	100%	-	100%	Trading of mineral products
Jinli (Hainan) Electricity and Fuel Co., Ltd.* ("Jinli") (金力 (海南) 電力燃料有限公司)		Mainland China	RMB100,000,000	RMB100,000,000	100%	-	100%	Trading of mineral products

Year Ended 31 December 2024

14 INVESTMENT IN SUBSIDIARIES (cont'd)

					•	n of ownersh	•	
		Place of	Particulars		Group's	Held	Held	
Name of company	Note	incorporation and business	of issued capital/ registered capital	Paid up capital	effective interest	by the Company	by a subsidiarv	Principal activities
Haine of company	Hote	and business	registered capital	Сарпа	IIICICSC	Oompany	Substituting	1 Tillelpai activities
Yunneng (Tianjin) Electricity and Fuel Co., Ltd.* (蘊能(天津) 電力燃料 有限公司)		Mainland China	RMB200,000,000	-	100%	-	100%	Trading of mineral products
Inner Mongolia Zhunge'er Fuyun Engineering Co., Ltd.* (內蒙古准格爾旗富運工程有限公司)		Mainland China	RMB2,000,000	RMB2,000,000	100%	-	100%	Engineering construction
Liyun (Ningxia) Energy Co., Ltd.* (力蘊(寧夏) 能源有限公司)		Mainland China	RMB200,000,000	-	100%	-	100%	Trading of mineral products
Ningxia Fuyun Engineering Co., Ltd.* (寧夏富運工程有限公司)		Mainland China	RMB200,000,000	-	100%	-	100%	Engineering construction
Liyun (Ningbo) Electricity and Fuel Co., Ltd.* (力蘊 (寧波) 電力燃料 有限公司)		Mainland China	RMB100,000,000	-	100%	-	100%	Trading of mineral products
Star Idea Enterprises Limited ("Star Idea") (星耀企業有限公司)		BVI	USD66,862	USD66,862	82.81%	82.81%	-	Investment holding
Power Cigar Tobacco Co., Ltd. ("Power Cigar Tobacco")		Cambodia	USD62,000,000	USD62,000,000	82.81%	-	100%	Manufacturing and wholesale of tobacco products
Power Prosper International Trading Limited (力鑫國際貿易有限公司)		Hong Kong	HKD1	HKD1	82.81%	-	100%	Trading of tobacco products
Power Wisdom Strategic Limited	(a)	BVI	USD1	USD1	100%	100%	-	Investment holding
Kinetic Vista Limited	(a)	BVI	USD1	USD1	100%	100%	-	Investment holding
Kinetic Crest Limited	(a)	BVI	USD1	USD1	100%	100%	-	Investment holding
Kinetic Wisdom Development Limited	(a)	Hong Kong	HKD1	HKD1	100%	-	100%	Investment holding
Kinetic Seed Services Limited	(a)	Cayman Islands	USD1	USD1	100%	-	100%	Investment holding
Taiyuan Hetai Shengrui Real Estate Co., Ltd.* (太原和泰盛瑞置業有 限公司)	(b)	Mainland China	RMB390,938,900	RMB390,938,900	100%	-	100%	Properties development and sales
Taiyuan Shirui Real Estate Co., Ltd.* (太原實瑞置業有限公司)	(b)	Mainland China	RMB10,000,000	-	100%	-	100%	Properties development and sales

^{*} The entities' official names are in Chinese. The English translations of the entities' names are for reference only.

Note:

- (a) The entities were newly established as subsidiaries of the Group in 2024.
- (b) The entities were acquired by the Group in 2024. More details are set out in Note 41 to the consolidated financial statements.

^{**} The entities are wholly foreign-owned enterprises and their official names are in Chinese. The English translations of the entities' names are for reference only.



Year Ended 31 December 2024

15 PROPERTY, PLANT AND EQUIPMENT

		Machinery and	Motor	Office	Mining	Construction	
	Buildings	equipment	vehicles	equipment	structures	in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and							
at 1 January 2024: Cost	722,703	1,093,514	54,140	14,394	682,161	963,863	3,530,775
Accumulated depreciation	(106,465)	(720,509)	(20,412)	(10,626)	(185,708)	903,003	(1,043,720)
Exchange adjustments	(2,029)	(1,346)	(20,412)	(10,020)	(103,700)	_	(3,377)
Excitatinge adjustifiertis	(2,029)	(1,540)	(1)	(1)			(0,011)
Net carrying amount	614,209	371,659	33,727	3,767	496,453	963,863	2,483,678
At 1 January 2024, net of							
accumulated depreciation	614,209	371,659	33,727	3,767	496,453	963,863	2,483,678
Acquisition of subsidiaries							
(Note 41)	-	16	15	-	-	-	31
Additions	42,458	128,372	2,435	11,682	358,839	727,715	1,271,501
Disposals	-	(725)	(551)	(4)	-	-	(1,280)
Depreciation provided during							
the year	(22,804)	(71,251)	(4,989)	(1,798)	(33,555)	-	(134,397)
Transfers among categories	175,280	80,196	280	967	-	(256,723)	-
Transfers to inventories	-	-	-	-	-	(191,638)	(191,638)
Exchange adjustments	2,102	1,270	1	3	-	-	3,376
At 31 December 2024, net of							
accumulated depreciation	811,245	509,537	30,918	14,617	821,737	1,243,217	3,431,271
At 31 December 2024:							
Cost	938,398	1,292,809	56,302	27,036	1,040,999	1,243,217	4,598,761
Accumulated depreciation	(129,255)	(784,542)	(25,385)	(12,422)	(219,262)	-	(1,170,866)
Exchange adjustments	2,102	1,270	1	3	-	-	3,376
Net carrying amount	811,245	509,537	30,918	14,617	821,737	1,243,217	3,431,271

Year Ended 31 December 2024

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Mining structures RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2022 and							
at 1 January 2023:							
Cost	469,595	940,634	42,374	12,519	623,129	566,123	2,654,374
Accumulated depreciation	(92,539)	(660,548)	(15,340)	(9,704)	(159,878)	-	(938,009)
Net carrying amount	377,056	280,086	27,034	2,815	463,251	566,123	1,716,365
At 1 January 2023, net of	.== .=.		07.004	0.015	400.054	500 100	
accumulated depreciation	377,056	280,086	27,034	2,815	463,251	566,123	1,716,365
Acquisition of subsidiaries	151,078	101,599	98	93	-	-	252,868
Additions	3,363	51,404	12,008	2,187	59,032	496,407	624,401
Disposals	-	(123)	(45)	(272)	-	-	(440)
Depreciation provided during							
the year	(13,926)	(59,961)	(5,367)	(1,055)	(25,830)	-	(106,139)
Transfers among categories	98,667	_	_	_	-	(98,667)	-
Exchange adjustments	(2,029)	(1,346)	(1)	(1)		_	(3,377)
At 31 December 2023, net of							
accumulated depreciation	614,209	371,659	33,727	3,767	496,453	963,863	2,483,678
At 31 December 2023:							
Cost	722,703	1,093,514	54,140	14,394	682,161	963,863	3,530,775
Accumulated depreciation	(106,465)	(720,509)	(20,412)	(10,626)	(185,708)	900,000	(1,043,720)
Exchange adjustments	(2,029)	(1,346)	(1)	(10,020)	(100,700)	_	(3,377)
Net carrying amount	614,209	371,659	33,727	3,767	496,453	963,863	2,483,678

The Group was in the process of applying for the title certificates of certain properties with a carrying value of RMB672,885,000 as at 31 December 2024 (31 December 2023: RMB528,599,000). The Directors are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected despite the fact that the Group has not yet obtained the relevant property title certificates.



Year Ended 31 December 2024

16 RIGHT-OF-USE ASSETS

	Land use right RMB'000	Leased properties RMB'000	Leased land RMB'000	Leased equipment RMB'000	Total RMB'000
Carrying amount at 1 January 2023:	19,734	-	97,139	-	116,873
Additions	12,536	3,647	245	-	16,428
Acquisition of subsidiaries	-	1,018	42,926	_	43,944
Termination of lease contracts	-	-	(83,488)	-	(83,488)
Depreciation	(909)	(1,040)	(3,209)	_	(5,158)
Exchange adjustments	_	-	(550)	_	(550)
Carrying amount at 31 December 2023					
and 1 January 2024	31,361	3,625	53,063		88,049
Additions	16,975	400	6,988	80,242	104,605
Depreciation	(1,226)	(2,609)	(2,663)	_	(6,498)
Exchange adjustments	-	626	-	50	676
Carrying amount at 31 December 2024	47,110	2,042	57,388	80,292	186,832

As of 31 December 2024, all of the Group's land use right title certificates were in good standing, with no applications currently in process, compared to RMB12,065,000 as of 31 December 2023.

17 INTANGIBLE ASSETS

	RMB'000
As at 1 January 2023	3,210,599
Acquisition of subsidiaries	51,695
Amortisation	(27,947)
Exchange adjustments	(699)
At 31 December 2023 and 1 January 2024	3,233,648
Additions	1,229
Amortisation	(34,889)
Exchange adjustments	761
As at 31 December 2024	3,200,749

As at 31 December 2024, intangible assets of the Group mainly consisted of mining rights.

Year Ended 31 December 2024

18 GOODWILL

	RMB'000
Cost:	
At 1 January 2023	8,027
Addition through acquisition of subsidiaries	250,673
At 31 December 2023 and 31 December 2024	258,700
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023 and 1 January 2024 Impairment loss	(8,027) (94,492)
At 31 December 2024	(102,519)
Carrying amount:	
At 31 December 2024	156,181
At 31 December 2023	250,673

Impairment tests for cash-generating units (the "CGU") containing goodwill

Star Idea is an investment holding company incorporated in BVI. As the sole subsidiary of Star Idea, Power Cigar Tobacco is a company incorporated in the Kingdom of Cambodia with limited liability, which is wholly owned by Star Idea. Power Cigar Tobacco is principally engaged in manufacturing and wholesale of tobacco products, mainly cigarettes and hand-made cigars in Cambodia and Southeast Asia.

On 9 October 2023, the Group acquired the 73% equity interests of Star Idea and its subsidiaries (collectively, the "**Star Idea Group**") for a total consideration of USD62,757,000 (equivalent to RMB440,974,000). The excess of the consideration over the net fair value of the identifiable net assets of the Star Idea Group of to RMB250,673,000 was recorded as goodwill and allocated to the Star Idea Group's business of manufacturing and wholesale of tobacco products.

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 2.90% long-term growth rate, which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate of the relevant industry. The cash flows are discounted using a discount rate of 17.05%. The discount rates used are pre-tax and reflect specific risks relating to the CGU.

The impairment loss of RMB94,492,000 recognised in "Other incomes and losses, net" during the year ended 31 December 2024 pertains to Star Idea Group due to its underperformance. As the CGU has been reduced to its recoverable amount of RMB156,181,000, any adverse changes in the assumptions used to calculate recoverable amount would result in further impairment losses.



Year Ended 31 December 2024

19 INTEREST IN ASSOCIATES

The following list contains the particulars of associates as at 31 December 2024, among which Xiaojia is an unlisted corporate entity whose quoted market price is not applicable:

Name	Particulars of issued shares of the associated company	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenhua Zhunneng Xiaojia Shayan Coal Storage and Delivery Limited* (" Xiaojia") (神華准能肖家沙瑪煤炭集運有限責任公司)	Registered Capital RMB122,000,000	Mainland China	45%	Coal storage, delivery and handling
MC Mining Limited ("MC Mining") (Note)	Issued Capital USD1,083,346,000	Australia	13.04%	Acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa

^{*} The official name of the entity is in Chinese only. The English translation of the entity's name is for reference only.

Note: As MC Mining is a listed company in the Australian Securities Exchange and the Johannesburg Stock Exchange, the market value of shares in MC Mining held by the Group was Australian Dollar 7,142,000 (equivalent to RMB32,188,000) as at 31 December 2024.

Year Ended 31 December 2024

19 INTEREST IN ASSOCIATES (cont'd)

The financial information of the associates, i.e. Xiaojia and MC Mining, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Xia 2024 RMB'000	ojia 2023 RMB'000	MC Mining 2024 RMB'000 (Note)
Gross amount of the associates Current assets Non-current assets Current liabilities Non-current liabilities	106,932 103,229 (14,976)	82,312 106,328 (11,234) –	48,881 789,797 (206,012) (88,985)
Equity	195,185	177,406	543,681
Revenue	105,448	86,910	40,089
Total comprehensive income	40,129	24,834	(57,121)
Dividend received from an associate during the year	10,058	13,185	-
Share of profits/(losses) and other comprehensive income by the Group	18,058	11,175	(7,448)
Reconciled to the Group's interest in the associates			
Gross amount of net assets of the associates	195,185	177,406	543,681
Group's effective interest	45%	45%	13.04%
Group's share of net assets of the associates	87,833	79,833	70,896
Goodwill arising from investment in associates	-	_	15,303
Carrying amount in the consolidated financial statements	87,833	79,833	86,199

Note: Upon the acquisition of 13.04% equity interests of MC Mining on 30 August 2024, the Group has appointed a director in the MC Mining's board of directors as a representative of the Group and thus has significant influence over MC Mining. As a result, MC Mining has become an associate of the Group. The period for the disclosed financial information of profit or loss and other comprehensive income of MC Mining was from 30 August 2024 to 31 December 2024.



Year Ended 31 December 2024

20 PREPAYMENTS FOR PROPOSED ACQUISITIONS

	Note	2024 RMB'000	2023 RMB'000
In progress:			
 Acquisition of Guizhou Liliang Energy Co., Ltd. ("Guizhou Liliang") 	(a)	1,080,256	1,080,256
 Acquisition of properties and equity interests from Guangzhou Seedland Real Estate Development Co., 	(- /	,,	, ,
Ltd ("Seedland")	(b)	311,484	803,000
		1,391,740	1,883,256
Completed after the reporting year:			
- Acquisition of Seedlife Holding Limited ("Seedlife")	(c)	278,405	_
 Acquisition of properties from Hainan Hangxiao Real Estate Development Co., Ltd ("Hainan Hangxiao") 	(d)	-	564,625
 Acquisition of Qinhuangdao Jifu Real Estate Development Co., Ltd. ("Qinhuangdao Jifu") 	(d)	564,625	_
		843,030	564,625
		843,030	504,025
Related parties	38(b)	2,234,770	2,447,881
Third parties		2,000	2,000
		2,236,770	2,449,881

Notes:

(a) On 24 December 2021, the Group entered into an acquisition agreement with Guizhou Liliang, an entity owned by Mr. Zhang Li, to acquire its 75% equity interests in Liupanshui Changlin Real Estate Development Co., Ltd. which would own the mining rights of a coal mine in Guizhou province upon completion of a restructuring, with a total consideration of RMB1,100,000,000. According to the acquisition agreement, the Group prepaid RMB550,000,000 in 2021 and RMB530,256,000 in 2022 to Guizhou Liliang, respectively. Prior to the completion of the acquisition, certain conditions shall be satisfied. If those conditions were not satisfied, the Group is entitled to require Guizhou Liliang to refund any payment (without interest) which the Group had actually made to it under the acquisition agreement. The recoverability of the prepayments is secured by 100% equity interests of Guizhou Liliang. This transaction is a connected and major transaction and subject to the shareholders' approval.

Year Ended 31 December 2024

20 PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd)

(b) On 29 April and 12 July 2022, the Group entered into a property purchase agreement ("2022 Property Purchase Agreement") and revised supplementary agreement ("Supplementary Agreement"), respectively, with subsidiaries of Seedland, including Qingdao Shilu Ocean Big Data Investment Development Co., Ltd. ("Qingdao Shilu"), Zunyi Field Real Estate Development Co., Ltd. ("Zunyi Field"), Jingmen Shiqiang Real Estate Co., Ltd., Wuxi Shidi Real Estate Co., Ltd. ("Wuxi Shidi"), Zhongshan Shidi Real Estate Co., Ltd. ("Yuxi Shidi"), Zhongshan Shidi Real Estate Co., Ltd. ("Wuhan Pingan"), (collectively, the "Sellers") all of which are controlled by Mr. Zhang Liang, Johnson, to acquire certain properties with a total consideration of RMB809,480,000. According to the agreements, in 2022, the Group prepaid RMB670,000,000 to Guangzhou Chaiju Architectural Design Consulting Co., Ltd. ("Guangzhou Chaiju") and RMB26,000,000 to Zhuhai Hengqin Tianshi Enterprise Management Consulting Co., Ltd. ("Zhuhai Hengqin"); and in 2023 the Group further prepaid RMB107,000,000 to Zhuhai Hengqin. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 25 October 2022.

On 1 December 2023, the Group entered into the second supplemental agreement ("Second Supplemental Agreement") with the Sellers and Taiyuan Hetai Shengrui Real Estate Co., Limited. ("Taiyuan Hetai", a subsidiary of Wuxi Shidi), pursuant to which (i) the target properties located in Jingmen, Wuxi and Wuhan ("Terminated Properties") would no longer be sold to the Group, and (ii) the Group entered into a share transfer agreement with Wuxi Shidi to acquire 100% equity interests in Taiyuan Hetai ("Target Shares") with a consideration of RMB220,000,000, which shall be set off against and deducted from the prepayment for acquisition of properties from Seedland. In addition, given that the Target Shares are subject to a pledge provided as security in favour of Huarong Rongde Asset Management Co., Ltd ("Huarong Rongde") for a debt which was used for Ziteng project of Taiyuan Hetai ("Debt"), the Group would become one of the obligators to settle the Debt with Huarong Rongde at a cost of no more than RMB380,000,000 so that Huarong Rongde would discharge the pledge over the Target Shares. According to the Second Supplemental Agreement, the Group prepaid RMB40,000,000 to Huarong Rongde on behalf of Taiyuan Hetai in 2023.

On 7 February 2024, the Group entered into a supplemental agreement to the Second Supplemental Agreement with the Sellers and Taiyuan Hetai, pursuant to which (i) if the acquisition will not be completed before 30 September 2024, the Group shall be entitled to terminate the Second Supplemental Agreement; and (ii) if the actual amount of the Debt owed by Taiyuan Hetai upon the completion of the transfer of the Target Shares exceeds the amount of debt factored in the valuation of Taiyuan Hetai as at 30 November 2023, the Sellers shall compensate the Group for the excess amount (the "Excess Debt Amount") by (a) reducing the equity consideration by the Excess Debt Amount on a dollar-to-dollar basis; and (b) providing additional properties with a total value not less than the Excess Debt Amount to the Group. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 13 March 2024. The acquisition of Taiyuan Hetai contemplated under the Second Supplemental Agreement was completed on 3 June 2024, and Taiyuan Hetai had become a wholly-owned subsidiary of the Group.

On 6 June 2024, the Group entered into the third supplemental agreement ("Third Supplemental Agreement") with Qingdao Shilu, Zunyi Field, Zhongshan Shidi, Wuhan Pingan and Guangzhou Hengyi Equipment Installation and Maintenance Co., Ltd. ("Guangzhou Hengyi"), pursuant to which, (i) Guangzhou Hengyi transferred the 6 units of commercial properties ("Target Properties") located in No. 16 Huaxia Road, Tianhe District, Guangzhou, Guangdong Province with an aggregate building area of approximately 1,182.0 square meters to the Group for a total consideration of RMB45,000,000; (ii) the sales tax payable by Guangzhou Hengyi in connection with the transfer of the Target Properties, which amounts to RMB4,184,000, has been paid by the Group, and shall be deducted from the total consideration of RMB45,000,000 such that the net consideration payable by the Group for the acquisition of the Targets Properties shall become RMB40,816,000 (the "Net Consideration"). The Net Consideration shall be set off against and deducted from the prepayment for acquisition of properties from Seedland; (iii) the 11 units of commercial properties ("2024 Terminated Properties") with an allocated consideration of RMB40,890,000, would be no longer transferred to the Group; and (iv) the rights and obligations between the Sellers and the Group in respect of the 2024 Terminated Properties are terminated with effect from the date of the Third Supplemental Agreement. The transaction was completed during the year ended 31 December 2024.



Year Ended 31 December 2024

20 PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd) (b) (cont'd)

On 1 November 2024, the Group entered into the fifth supplemental agreement with Qingdao Shilu and Zhongshan Shidi (collectively, the "2024 Further Adjusted Properties Sellers") as well as Zhuhai Seedland, pursuant to which, (i) the commercial properties which located in Zhongshan City, Guangdong Province with an aggregate building area of approximately 3,440.90 square meters ("2024 Third Terminated Properties") would no longer be sold to the Group; and (ii) the rights and obligations between the 2024 Further Adjusted Properties Sellers and the Group in respect of the 2024 Third Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) are terminated with effect from the date of the fifth supplemental agreement.

On 1 November 2024, the Group entered into a share transfer agreement with Zhuhai Seedland Real Estate Development Co., Ltd. ("**Zhuhai Seedland**"), to acquire the 100% equity interests of each of Maoming Shengda Real Estate Co. Ltd. and Maoming Shengcheng Real Estate Co., Ltd. for a total consideration amounting to RMB70,000,000. The income tax amounting to RMB12,250,000 payable by Zhuhai Seedland for this acquisition will be paid by the Group, and has been deducted from the total consideration, thus, the payable consideration for this acquisition becomes RMB57,750,000 ("**Payable Consideration**"). The Payable Consideration shall be fully set off by the 2024 Third Terminated Properties paid amount. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 3 January 2025.

(c) On 6 June 2024, the Group entered into a letter of intent ("Letter of Intent") with Mr. Zhang Liang, Johnson and Seedland Smart Service Group Limited ("Seedland Smart Service"), pursuant to which, (i) the Group formalised its intent to acquire the 100% equity interests of Seedlife from Seedland Smart Service; (ii) Mr. Zhang Liang, Johnson and Seedland Smart Service (collectively, "Seedlife Sellers") agreed to facilitate the Group to conduct due diligence on Seedlife; and (iii) the Group shall transfer HKD25,000,000 to Seedlife Sellers as a deposit for the proposed acquisition.

On 6 September 2024, the Group, Seedland Smart Service and Seedlife entered into a share purchase agreement, to acquire 100% equity interests of Seedlife for a total consideration of RMB423,000,000 ("Equity Consideration").

The Equity Consideration shall be paid in the following manner: (i) an amount of HKD25,000,000, as a deposit, which has been transferred by the Group to Mr. Zhang Liang, Johnson under the Letter of Intent (the "LOI Deposit"); (ii) an amount of not more than RMB25,000,000 shall be paid by the Group to Seedland Smart Service if so requested by Seedland Smart Service within 30 business days following the date of the Share Purchase Agreement ("Further Cash Payment"); (iii) an amount which equals the difference between RMB77,230,000 and the Further Cash Payment shall be paid by the Group to Seedland Smart Service on the date of Closing (the "Closing Cash Payment"); (iv) an amount of RMB42,300,000, which represents the taxes payable by the Seedlife Sellers arising from the sale of equity interests of Seedlife and which the Group will pay on the Seedlife Sellers' behalf shall be deducted from the Equity Consideration; (v) an amount of RMB50,000,000, which represents the amount of an account receivable due from the Seedlife Sellers and its subsidiaries (excluding Seedlife) to Seedlife as at the date of the Share Purchase Agreement shall be further deducted from the Equity Consideration; and (vi) the remaining amount of RMB230,700,000 (subject to downward adjustment to take into account any profit shortfall, (such amount as adjusted (if applicable) the "Final Set-off Amount"), shall be set off against the equivalent amount in the pre-existing outstanding paid amount.

Year Ended 31 December 2024

20 PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd) (c) (cont'd)

On 6 September 2024, the Group entered into a fourth supplemental agreement ("Fourth Supplemental Agreement") with Qingdao Shilu, Zunyi Field, Zhongshan Shidi, (collectively, the "2024 Adjusted Properties Sellers"), Seedland Smart Service and Mr. Zhang Liang, Johnson, pursuant to which, (i) the commercial properties which located in Zunyi City, Guizhou Province and Zhongshan City, Guangdong Province with an aggregate building area of approximately 22,109.87 square meters ("2024 Further Terminated Properties"), with an allocated consideration equal to the Final Set-off Amount, would no longer be sold to the Group; (ii) the rights and obligations between the 2024 Adjusted Properties Sellers and the Group in respect of the 2024 Further Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) are terminated with effect from the date of the Fourth Supplemental Agreement.

On 12 November 2024, the Group, Seedland Smart Service and Seedlife entered into a share purchase supplemental agreement ("Share Purchase Supplemental Agreement") to the Share Purchase Agreement, pursuant to which, the payment term of the equity consideration was amended to provide that the Seedlife Sellers shall refund to the Group all payments received by them (including the LOI Deposit and the Further Cash Payment) within 30 days of a written notice by the Group if the Group cannot obtain all necessary approvals required by the Listing Rules, as well as an interest calculated based on the one-year loan prime rate published by the People's Bank of China from the date of payment by the Group of the relevant amount up to actual date of repayment. Save for the aforementioned, all other terms and conditions set forth in the Share Purchase Agreement shall remain unchanged and in full force and effect.

The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 3 January 2025.

Upon the completion of the acquisition on 13 January 2025, Seedlife has become an indirect wholly-owned subsidiary of the Group.

(d) On 30 May 2022, the Group entered into a property purchase framework agreement ("Property Purchase Framework Agreement") with Hainan Hangxiao, an entity controlled by Guangzhou R&F Properties Co., Ltd. ("R&F Properties") of which Mr. Zhang Li is one of major shareholders, to acquire certain properties with a total consideration of RMB1,000,939,000. According to the property purchase framework agreement, the Group prepaid RMB564,625,000 to Hainan Hangxiao.

On 6 December 2024, the Group, Hainan Hangxiao, R&F Properties, Beijing R&F City Real Estate Development Co., Ltd. ("Beijing R&F City"), Beijing R&F Tianchuang Advertising Co., Ltd. ("Beijing R&F Tianchuang') and Qinhuangdao Jifu entered into the acquisition framework agreement ("Acquisition Framework Agreement"), pursuant to which, among others, (i) the Group agreed to acquire, Beijing R&F City and Beijing R&F Tianchuang agreed to sell 100% equity interests in Qinhuangdao Jifu at nil consideration; (ii) R&F Properties agreed to transfer to the Group, and the Group agreed to receive, the creditor's rights held by R&F Properties against Qinhuangdao Jifu totalling to RMB617,394,000 ("Creditor's Rights") for a consideration of RMB564,625,000 ("Creditor's Rights Transfer"); (iii) the Hainan Hangxiao agreed to transfer to R&F Properties, and R&F Properties agreed to receive, the debt owed by the Hainan Hangxiao to the Group (i.e. the amount paid by the Group under the Property Purchase Framework Agreement) in the amount of RMB564,625,000 ("Debt Transfer"); and (iv) the Hainan Hangxiao and the Group agreed to terminate the Property Purchase Framework Agreement. The consideration payable by the Group for the Creditor's Rights Transfer shall be fully set off by the equivalent amount payable by R&F Properties under the Debt Transfer.



Year Ended 31 December 2024

20 PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd) (d) (cont'd)

Pursuant to the Acquisition Framework Agreement, upon closing, the Property Purchase Framework Agreement will be terminated with immediate effect. Except for the amount paid by the Group under the Property Purchase Framework Agreement, which shall be fully set off against the consideration payable by the Group for the Creditor's Rights Transfer under the Acquisition Framework Agreement, neither the Hainan Hangxiao nor the Group shall have any other obligations under the Property Purchase Framework Agreement. As at the date of the consolidated financial statements, the acquisition of Qinhuangdao Jifu has been completed.

On 17 February 2023, Mr. Zhang Liang, Johnson and King Lok Holdings Limited, an entity then 100% owned by Mr. Zhang Liang, Johnson and currently 100% held by the Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members, agreed to pledge 5,307,450,000 shares held by them in the Company and the interests derived therefrom as security for the performance of contractual obligations of Guizhou Liliang, Mr. Zhang Li and subsidiaries of Seedland under the relevant acquisitions and loan agreements. The share pledge arrangement serves as a security of the prepayments made for the acquisition of Guizhou Liliang, acquisition of properties from Seedland, as well as loans granted to Guizhou Liliang (Note 38(b)).

The Directors have assessed the progress of the transactions and the ability of the related parties to fulfil the obligations under the agreements described above and even if these transactions not completed as schedule the counterparties are financially capable to repay the outstanding amounts to the Company.

21 OTHER NON-CURRENT ASSETS

	Note	2024 RMB'000	2023 RMB'000
Loans to a related party	38	259,990	231,956
Prepayment for application of license of enlarged coal		00.067	
production capacity Financial assets at fair value through profit or loss (Note)		90,967 84,734	_
Prepayments of equipment		44,632	55,639
Input VAT to be deducted		-	8,223
Long-term deferred expense		6,774	6,932
Others		51,161	30,830
		538,258	333,580
Impairment of other non-current assets		(17,213)	_
Total		521,045	333,580
Current portion of other non-current assets			
- Loans to a related party	38	(259,990)	(165,341)
Other non-current assets		261,055	168,239

Year Ended 31 December 2024

21 OTHER NON-CURRENT ASSETS (cont'd)

Note: According to the performance undertaking clauses in the supplemental agreement of the Acquisition of Star Idea Group, the seller should compensate the Company in cash based on the shortfall of aggregate actual earnings before interests, taxes, depreciation and amortisation ("EBITDA") compared with the aggregate estimated EBITDA of Star Idea Group during the period encompassing five financial years ending 31 December 2027. As at 31 December 2024, the fair value of aforementioned compensation amounting to RMB84,734,000 was recognised (as at acquisition date: nil). The actual amount of compensation will be adjusted in line with the actual performance of Star Idea Group from 2025 to 2027.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2024 RMB'000	2023 RMB'000
Trust wealth management investments Trading securities	(a) (b)	228,911 105,498	220,177 415
		334,409	220,592

Notes:

(a) On 25 December 2020, the Group entered into a subscription agreement with Northern International Trust Co., Ltd. ("Northern Trust") to subscribe a trust wealth management investment amounting to RMB252,530,000 for a period of 1 year, which is redeemable on demand. As at 31 December 2024, the fair value of the investment was RMB154,841,000 (31 December 2023: RMB135,130,000) resulting in a gain of RMB19,711,000 in 2024 (2023: RMB19,552,000) on fair value changes, due to price movement in its investment in a corporate bond issued by Guangzhou R&F in 2018 with an annual interest rate of 6.58%. Subsequent to 31 December 2024, the fair value of the trust wealth management investment was in the range between RMB153,000,000 and RMB184,000,000.

On 28 December 2020, the Group entered into a subscription agreement with Beijing International Trust Co., Ltd. ("Beijing Trust") to subscribe a trust wealth management investment amounting to RMB151,500,000 for a period of 10 years, which is redeemable on demand. On 21 March 2024, the Group partially redeemed investment with a carrying amount of RMB16,106,000 and recorded an investment loss amounting to RMB4,457,000. As at 31 December 2024, the fair value of the investment was RMB74,070,000 (31 December 2023: RMB85,049,000), resulting in a gain of RMB5,129,000 on fair value changes, due to price movement in its investment in a corporate bond issued by Guangzhou R&F in 2020 with an annual interest rate of 6.30%. Subsequent to 31 December 2024, the fair value of the trust wealth management investment was in the range between RMB73,000,000 and RMB83,000,000.

(b) The trading securities held by the Group were the equity securities listed on the Stock Exchange. The Group acquired the trading securities amounting to RMB78,009,000 during the year ended 31 December 2024. The Group sold out parts of the equity securities with a carrying amount of RMB7,845,000 and recorded on investment gain amounting to RMB5,637,000. The fair value of the trading securities was RMB105,498,000 as at 31 December 2024 (31 December 2023: RMB415,000), resulting in a gain of RMB34,919,000 on fair value changes, due to price movement in the equity securities.



Year Ended 31 December 2024

23 INVENTORIES

	2024 RMB'000	2023 RMB'000
Properties under development	1,494,206	_
Coal products	126,486	16,905
Tobacco materials and products	98,168	34,052
Raw materials, accessories and chemicals	55,607	44,868
Others	28,490	19,449
	1,802,957	115,274
Write-down of inventories	(86,622)	_
	1,716,335	115,274

Year Ended 31 December 2024

24 TRADE AND OTHER RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
Trade debtors Other receivables		6,528	6,738
- Prepayments and deposits		93,931	107,593
- Amount due from a related party	20(b)	17,308	40,000
 Deductible input VAT 		74,426	33,663
- Others		8,246	6,059
		200,439	194,053

An aging analysis of the trade debtors as at the end of the reporting year, based on the invoice date and net of provisions, is as follows:

	2024 RMB'000	2023 RMB'000
Within 6 months	6,528	6,738

Trade debtors are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in Note 40 to the consolidated financial statements.

The allowances for trade receivables are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. As the Directors are of opinion that the amount of expected credit losses is minimal, no loss allowance for trade and other receivables recognised as at 31 December 2024 under HKFRS 9.



Year ended 31 December 2024

25 CASH AT BANK AND ON HAND AND PLEDGED AND RESTRICTED DEPOSITS

	Note	2024 RMB'000	2023 RMB'000
Cash at bank and on hand		629,937	734,143
Pledged deposits		93,355	661,100
Restricted deposits		34,229	66,684
Less:		757,521	1,461,927
Pledged deposits for bank loans	28	-	(600,000)
Pledged deposits for notes payable		(93,355)	(61,100)
Restricted deposits		(34,229)	(66,684)
Cash and cash equivalents		629,937	734,143

As at 31 December 2024, the cash at bank and on hand balances of the Group denominated in RMB amounted to RMB612,825,000 (31 December 2023: RMB390,464,000).

As at 31 December 2024, the Group's bank balances of RMB93,355,000 (31 December 2023: RMB61,100,000) were deposited as guarantee fund for notes payable.

As at 31 December 2024, the Group's bank balances of RMB23,198,000 (31 December 2023: RMB66,684,000) were deposited with banks as a mine environment restoration guarantee fund pursuant to the related government regulations.

As at 31 December 2023, the Group's bank balances of RMB600,000,000 were deposited as guarantee fund for the Group's bank loan of RMB750,000,000, which was fully repaid in 2024.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with banks with no recent history of default.

Year ended 31 December 2024

26 TRADE AND OTHER PAYABLES

	Notes	2024 RMB'000	2023 RMB'000
Taxes payable other than income tax		185,227	168,880
Payables for construction	(a)	812,692	309,315
Notes payable		106,661	58,736
Payables for an acquisition	38	69,282	67,799
Amounts due to other related parties	38	11,000	13,077
Dividends payable		-	307,004
Other payables and accruals	(b)	337,485	141,930
		1,522,347	1,066,741

Notes:

(a) Payables for construction are non-interest bearing.

An aging analysis of the payables for construction as at the end of the reporting year, based on the invoice date, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	737,295	292,038
1 to 2 years	58,900	3,974
Over 2 years	16,497	13,303
	812,692	309,315

(b) Other payables and accruals are non-interest bearing and expected to be settled within one year or repayable on demand.

27 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received from customers		
Sales of goods Sales of properties	542,001 349,020	68,351 –
	891,021	68,351

For the year ended 31 December 2024, all of the contract liabilities at the beginning of the year was recognised as revenue since the goods or services had been delivered to customers.



Year ended 31 December 2024

28 BANK LOANS

		At 31 Effective	December 2	2024	At 31 Effective	At 31 December 202 Effective		
	Note	interest rate (%)	Maturity	RMB'000	interest rate (%)	Maturity	RMB'000	
Current								
Bank loan - secured Bank loan - secured Long-term bank loan due within	(a)	5.51%	- 2025	- 155,070	3.50% -	2024	400,000	
1 year – secured Long-term bank loan due within		-	-	-	6.65%	2024	33,000	
1 year - secured		-	-	-	5.00%	2024	350,000	
Long-term bank loan due within 1 year – secured	(b)	5.00%	2025	150,000	5.00%	2024	150,000	
Long-term bank loan due within 1 year – secured	(c)	5.00%	2025	100,000	5.00%	2024	100,000	
Long-term bank loan due within 1 year – secured	(d)	5.50%	2025	30,650	-	_	_	
Long-term bank loan due within 1 year – secured	(e)	4.90%	2025	100,000	_	_	_	
				535,720		-	1,033,000	
Non-current								
Long-term bank loan – secured Long-term bank loan – secured Long-term bank loan – secured Long-term bank loan – secured	(b) (c) (d) (e)	- 5.50% 4.90%	- 2026 2026	67,600 275,000	5.00% 5.00% 5.50%	2025 2025 2025 -	150,000 100,000 19,800	
				342,600		-	269,800	
				878,320			1,302,800	

Notes:

- (a) As at 31 December 2024, the Group's bank loans amounting to RMB155,070,000 was secured by the mining right of Yongan Coal Mine held by Ningxia Kinetic.
- (b) As at 31 December 2024, the Group's bank loans amounting to RMB150,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal and will be due in 2025.
- (c) As at 31 December 2024, the Group's bank loans amounting to RMB100,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal and will be due in 2025.
- (d) As at 31 December 2024, the Group's bank loan amounting to RMB98,250,000 was guaranteed by Kinetic Coal, of which bank loans amounting to RMB30,650,000 will be due in 2025, and the rest of the bank loans amounting to RMB67,600,000 will be due in 2026.
- (e) As at 31 December 2024, the Group's bank loans amounting to RMB375,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, of which bank loans amounting to RMB100,000,000 will be due in 2025, and the rest of bank loans amounting to RMB275,000,000 will be due in 2026.

Year ended 31 December 2024

29 LEASE LIABILITIES

The lease liabilities are repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	20,363	1,898
After 1 year but within 2 years	29,363	1,408
After 2 years but within 5 years	25,977	724
After 5 years	1,853	4,857
	77,556	8,887

30 LONG-TERM PAYABLES

	2024 RMB'000	2023 RMB'000
Present value of payables in relation to mining rights Present value of compensation payable in relation to	554,197	610,906
the demolition and relocation	307,578	29,411
	861,775	640,317
Current portion of trade and other payables	(82,361)	(56,381)
	779,414	583,936

31 DEFERRED TAX

The deferred tax assets and liabilities are as follows:

	2024 RMB'000	2023 RMB'000
Deferred tax assets before offsetting	91,456	44,042
Offset amount	(16,314)	(17,316)
Deferred tax assets after offsetting	75,142	26,726
Deferred tax liabilities before offsetting	(69,676)	(59,157)
Offset amount	16,314	17,316
Deferred tax liabilities after offsetting	(53,362)	(41,841)
	21,780	(15,115)



Year ended 31 December 2024

31 DEFERRED TAX (cont'd)

The movements in deferred tax assets and liabilities during the year, excluding the offsetting of balances within the same tax jurisdictions, are as follows:

Deferred tax liabilities

	Depreciation allowance less than the related depreciation RMB'000	Withholding taxes RMB'000	Right-of-use assets RMB'000	Mining structures arising from accrual for reclamation costs RMB'000	Effect on temporary differences in depreciation and amortisation RMB'000	Total RMB'000
At 1 January 2023 Charged/(credited) to profit or loss Acquisition of subsidiaries Exchange adjustments	7,136 3,369 - -	52,712 (33,613) - -	- 2,876 - -	- 5,903 - -	- (48) 21,107 (285)	59,848 (21,513) 21,107 (285)
At 31 December 2023	10,505	19,099	2,876	5,903	20,774	59,157
At 1 January 2024 (Credited)/charged to profit or loss Exchange adjustments	10,505 (1,207) –	19,099 12,127 -	2,876 (235)	5,903 - -	20,774 (473) 307	59,157 10,212 307
At 31 December 2024	9,298	31,226	2,641	5,903	20,608	69,676

Deferred tax assets

	Depreciation and amortisation allowance in excess of the related depreciation and amortisation RMB'000	Unrealised intergroup profit RMB'000	Lease liabilities RMB'000	Accrual for reclamation costs RMB'000	Temporary fair value changes of financial assets at fair value through profit or loss RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2023 Credited/(charged) to profit or loss Acquisition of subsidiaries Exchange adjustments	- 549 - -	15,430 (11,148) - -	- 1,238 - -	5,993 - -	34,134 (6,346) - -	- - 4,249 (57)	49,564 (9,714) 4,249 (57)
At 31 December 2023	549	4,282	1,238	5,993	27,788	4,192	44,042
At 1 January 2024 Credited/(charged) to profit or loss Acquisition of subsidiaries (Note 41) Exchange adjustments	549 1,571 - -	4,282 15,233 - -	1,238 103 - -	5,993 331 - -	27,788 (15,118) - -	4,192 11,721 33,509 64	44,042 13,841 33,509 64
At 31 December 2024	2,120	19,515	1,341	6,324	12,670	49,486	91,456

Year ended 31 December 2024

32 ACCRUAL FOR RECLAMATION COSTS

The accrual for reclamation costs has been determined based on management's best estimation. However, as the effects of current mining activities on the land become evident in future, the estimate of the associated costs may be subject to change.

During the year ended 31 December 2024, the Group had re-estimated its reclamation obligations based on the renewed reclamation plan, and made further accruals for reclamation costs. The Directors considered that the accrued reclamation obligations as at 31 December 2024 were adequate and appropriate. The accrual for reclamation costs is only based on estimates and therefore, the ultimate liabilities may exceed or be less than such reclamation costs.

33 SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Issued and fully paid: 8,430,000,000 ordinary shares of USD0.001 each	54,293	54,293

There was no movement in the Company's share capital during the year. The authorised share capital of the Company is USD500,000,000 consisting of 500,000,000 ordinary shares of USD0.001 each.

34 SHARE PREMIUM

Under the Company Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

35 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

The nature and purpose of reserves are stated as follows:

(i) Share award scheme reserves

The share award scheme reserves represent the acquisition cost for shares acquired under the share award scheme that has been recognised in accordance with the accounting policies set out in Note 2.4 to the consolidated financial statements.

Share award schemes

The Company has approved and adopted a share award scheme on 29 November 2022 (the "2022 Adoption Date") (the "2022 Share Award Scheme"), in which the Directors of the Company are authorised, at its discretion, to grant awards involving existing shares to eligible participants as incentives or rewards for their contributions to the Company.

The Company has approved and adopted a new share option scheme (the "2023 Share Option Scheme") and another new share award scheme (the "2023 Share Award Scheme") on 22 May 2023 (the "2023 Adoption Date").



Year ended 31 December 2024

35 RESERVES (cont'd)

(i) Share award scheme reserves (cont'd)

Share award schemes (cont'd)

The total number of shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and 2022 Share Award Scheme (collectively, the "Share Award Schemes") of the Company shall not in aggregate exceed 843,000,000, representing 10% of the shares in issue as at the 2022 Adoption Date and 2023 Adoption Date, respectively.

As at 31 December 2024, the Company has acquired 23,168,000 shares under 2022 Share Award Scheme and not granted any share options or share awards under the Share Award Schemes.

(ii) Other reserves

The other reserves of the Group mainly represent the difference between (a) the nominal value of share capital of Blue Gems Worldwide Limited and (b) the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group on 20 July 2011.

(iii) Statutory reserves

Pursuant to the articles of association of the PRC subsidiaries of the Group, appropriations to the surplus reserve fund should be made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC, until the surplus reserve fund is equal to 50% of the entity's registered capital. The surplus reserve funds of Kinetic Tianjin, Kinetic Hainan and Kinetic Coal were equal to 50% of the registered capital as at 31 December 2018, 31 December 2021 and 31 December 2022, respectively. Moreover, the surplus reserve funds of Kinetic Qinhuangdao and Jinli were equal to 50% of the registered capital respectively as at 31 December 2024. The rest of the PRC subsidiaries of the Group had transferred 10% of the profit after taxation to statutory reserves as at 31 December 2024 accordingly.

Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on the coal production volume (the "maintenance and production funds"). The maintenance and production funds are initially set aside as appropriations of profit attributable to equity shareholders of the Company and can be utilised when operating expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised for such designated purpose would then be transferred from the statutory reserve back to retained earnings.

(iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements from functional currency to presentation currency. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4 to the consolidated financial statements.

Year ended 31 December 2024

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank Ioans RMB'000	Other borrowing RMB'000	Interest payable RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	1,302,800	-	1,763	8,887	1,313,450
Changes from financing cash flows Proceeds from bank loans Repayment of bank loans Repayment of other borrowing Interest paid Lease paid	610,070 (1,034,550) - - -	- (193,190) - -	- - - (47,514) -	- - - - (6,128)	610,070 (1,034,550) (193,190) (47,514) (6,128)
Other changes Acquisition of subsidiaries (Note 41) Increase in lease liabilities from entering	-	193,190	-	-	193,190
into new leases during the year Interest expenses	-	- -	- 47,767	73,685 437	73,685 48,204
Foreign exchange adjustment	-	-	-	675	675
At 31 December 2024	878,320	-	2,016	77,556	957,892
At 1 January 2023	883,000	-	1,596	95,440	980,036
Changes from financing cash flows New bank loans	1,069,370	_	_	_	1,069,370
Repayment of bank loans Interest paid Lease paid	(649,570) - -	- - -	(64,657) –	- (670)	(649,570) (64,657) (670)
Interest paid Lease paid Other changes Increase in lease liabilities from entering into new leases during the year Interest expenses Acquisition of subsidiaries Termination of lease contracts (Note 16)	(649,570) - - - - - -	- - - - - -	- (64,657) - - 64,824 - -	4,574 780 14 (91,283)	(64,657) (670) 4,574 65,604 14 (91,283)
Interest paid Lease paid Other changes Increase in lease liabilities from entering into new leases during the year Interest expenses Acquisition of subsidiaries	(649,570) - - - - - - -	- - - - -	-	- (670) 4,574 780 14	(64,657) (670) 4,574 65,604 14

(b) Changes in investing activities – prepayments for the proposed acquisitions

During the year ended 31 December 2024, the prepayments of the Group in relation to proposed acquisitions amounted to RMB65,013,000 (2023: RMB147,000,000) in aggregate. Further details of these transactions with related parties are disclosed in Note 20(c) to the consolidated financial statements.



Year ended 31 December 2024

37 COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting year:

	2024 RMB'000	2023 RMB'000
Authorised and contracted for acquisition, construction and purchase of mining machinery	1,347,104	1,162,943

(b) Environmental contingencies

As at 31 December 2024, the Group has not incurred any significant expenditure specifically for environmental remediation and, apart from the accrual for reclamation costs (Note 32), and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that would have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts.

These uncertainties include:

- (i) the exact nature and extent of the contamination at the mine and coal washing plant;
- (ii) the extent of required cleanup efforts;
- (iii) varying costs of alternative remediation strategies;
- (iv) changes in environmental remediation requirements; and
- (v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to factors such as unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present but could be material.

Year ended 31 December 2024

38 RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in the report, during the year ended 31 December 2024, the transactions with the following parties are considered as related party transactions.

Name of related parties	Relationship
Mr. Zhang Li	A substantial shareholder of the
	Company
Mr. Zhang Liang, Johnson	A party interested in 62.96% issued
	shares of the Company held through
Mr. Zhang G.M.	King Lok Holdings Limited (Note) A shareholder of Star Idea
Mr. Ju Wenzhong	Chairman and Executive Director
Xiaojia	An associate of the Group
Guangzhou Fuli Decoration Construction Co., Ltd.	Controlled by Mr. Zhang Li
("Guangzhou Fuli")(廣州富力裝飾工程有限公司)*	
Guangzhou Tianli Construction Co. Ltd. ("Guangzhou Tianli") (廣州天力建築工程有限公司)*	Controlled by Mr. Zhang Li
Guizhou Liliang (貴州力量能源有限公司)*	Controlled by Mr. Zhang Li
Hainan Hangxiao (海南航孝房地產開發有限公司)*	A subsidiary of Guangzhou R&F of
	which Mr. Zhang Li is one of major
	shareholders
Seedland (實地地產集團有限公司) * and its affiliates	Controlled by Mr. Zhang Liang, Johnson
Guangzhou Chaiju (廣州柴炬建築設計諮詢有限公司)*	Controlled by Mr. Zhang Liang, Johnson
Zhuhai Hengqin (珠海市横琴天實企業管理諮詢有限公司)* Seedlife	Controlled by Mr. Zhang Liang, Johnson Controlled by Mr. Zhang Liang, Johnson
Occume	Controlled by Mil. Zhang Liang, Johnson

^{*} The English translation of the entity names are for reference only. The official names of the entities are in Chinese only.

Note: The entire issued share capital of King Lok Holdings Limited is held by The Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members.

(a) Transactions

Xiaojia, an associate of the Group, provided loading service to the Group during the year ended 31 December 2024. The transactions between the Group and Xiaojia were conducted in the ordinary and usual course of business. The pricing was determined with reference to the prevailing market prices. The outstanding balances with Xiaojia are disclosed in Note 38(c) to the consolidated financial statements, and the service fee for the reporting year are as follows:

	2024 RMB'000	2023 RMB'000
Loading service from Xiaojia Construction service from Guangzhou Fuli Purchase of construction equipment from Guangzhou Tianli Lease service Others	130,735 1,468 - 20,451 2,737	86,631 5,942 3,471 - 1,556
	155,391	97,600



Year ended 31 December 2024

38 RELATED PARTY TRANSACTIONS (cont'd)

(b) Amounts due from related parties

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Other non-current assets (including current portion) - Loans to a related party (Note)		259,990	231,956
Prepayments for proposed acquisitions	20	2,234,770	2,447,881
Trade and other receivables - Amounts due from a related party	20(b)	17,308	40,000
		2,512,068	2,719,837

Note:

On 22 June 2020, the Group entered into a loan agreement with Guizhou Liliang in the principal amount of RMB57,000,000, for a term of 2 years. The interest rate is 2% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center ("NIFC"), and the interest shall be paid annually. On 23 December 2022, the Group entered into a supplementary agreement with Guizhou Liliang, pursuant to which, the due date of the loan was extended to 31 December 2023, with the interest rate raised to 2.5% above the 1-year loan market quoted interest rate announced by the NIFC. On 9 February 2024, the Group entered into the second supplementary agreement with Guizhou Liliang, pursuant to which, the due date of the loan was extended to 31 December 2025, with the interest rate raised to 3.5% above the 1-year loan market quoted interest rate announced by the NIFC. The principal amount of the loan together with all the outstanding interest payables thereon shall be fully repaid on the due date.

On 28 June 2022, the Group entered into a loan agreement with Guizhou Liliang in the principal amount of RMB200,000,000 for a term of 2 years ("Loan Agreement"). The interest rate is calculated by adding 1.5% on top of the 1-year loan prime rate ("LPR") in the PRC. On 2 July 2024, the Group and Guizhou Liliang entered into a supplemental agreement to the Loan Agreement ("Supplemental Agreement"), pursuant to which the parties agreed that the repayment date of the loan will be extended to 30 June 2025, with the interest rate to be raised to 2.5% above the LPR in the PRC in effect during the term of the loan. Other than the above, the other terms and conditions of the Loan Agreement continue to be in full force and effect. The principal amount of the loan together with all the outstanding interest payables thereon shall be fully repaid on the due date. As at 31 December 2024, approximately RMB171,587,000 out of the principal amount has been drawn down.

As at 31 December 2024, the principal of loan and interest receivable was RMB259,990,000 (31 December 2023: RMB231,956,000). The interest income on these loans for the year ended 31 December 2024 was RMB10,937,000 (2023: RMB9,154,000).

Year ended 31 December 2024

38 RELATED PARTY TRANSACTIONS (cont'd)

(c) Amounts due to related parties

	31 December 2024 RMB'000	31 December 2023 RMB'000
Xiaojia	-	2,077
Mr. Zhang Li (Note)	70,282	68,799
Mr. Zhang G.M.	10,000	10,000
	80,282	80,876

Note: The amount due to Mr. Zhang Li mainly consists of payables of RMB69,282,000 for the acquisition of Star Idea and the former shareholder's loan of RMB1,000,000 of Star Idea. On 30 December 2022 and 29 March 2023, the Company entered into equity transfer agreements with Mr. Zhang Li and Star Idea to acquire 73% equity interests of Star Idea. The total consideration of the acquisition in aggregate was USD62,757,000 (equivalent to RMB440,974,000). The acquisition of 73% equity interest in Star Idea had been completed on 9 October 2023.

Amounts due to the related parties are unsecured, interest-free and repayable on demand.

(d) Key management personnel remuneration of the Group

	2024 RMB'000	2023 RMB'000
Short-term employee benefits Contributions to defined contribution retirement plans	23,461 1,058	21,833 820
Total compensation paid to key management personnel	24,519	22,653

Further details of directors' emoluments are included in Note 9 to the consolidated financial statements.

(e) Financial guarantees

As at 31 December 2023, the Group's bank loans totalling to RMB350,000,000 was jointly guaranteed by Mr. Zhang Li and Mr. Zhang Liang, Johnson and bank loans amounting to RMB33,000,000 was guaranteed by Mr. Ju Wenzhong, which were fully repaid in 2024.

(f) Applicability of the Listing Rules relating to connected transactions

Certain related party transactions in respect of Notes 38(a), 38(b) and 38(e) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions" of the Directors' Report.



Year ended 31 December 2024

39 FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

			ue measuremen ber 2024 catego	
	Fair value at 31 December 2024 Level 1 RMB'000 RMB'000		Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements Assets: Trust wealth management investments Trading securities	228,911 105,498	- 105,498	_ _ _	228,911 -

		Fair value measurements as at 31 December 2023 categorised into		
	Fair value at 31 December 2023 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements Assets: Trust wealth management investments Trading securities	220,177 415	- 415	_ _ _	220,177 -

Year ended 31 December 2024

39 FAIR VALUE MEASUREMENT (cont'd)

Fair value hierarchy (cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the year ended 31 December 2024, there were gains amounting to RMB59,759,000 (2023: RMB29,278,000) mainly arising from the fair value changes of the trust wealth management investment and trading securities as a result of the market price movements.

The movement during the year ended 31 December 2024 in the balance of Level 3 fair value measurements is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January Redemption of financial assets at fair value through profit or loss Changes in fair value recognised in profit or loss during the period	220,177 (16,106) 24,840	190,899 - 29,278
At 31 December	228,911	220,177

Except for the above mentioned, there are no other financial assets or liabilities measured at fair value at the end of the reporting year.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and bank deposits, financial assets included in trade and other receivables, financial liabilities included in trade and other payables and interest-bearing bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's principal financial instruments comprise interest-bearing bank loans, cash and bank deposits, certain other non-current assets, lease liabilities and long-term payables. The main purpose of interest-bearing bank loans, cash and bank deposits are to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.



Year ended 31 December 2024

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, commodity price risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and short-term debt obligations with a floating interest rate. As at 31 December 2024, the Group did not hold debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise short-term bank and other deposits and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade debtors are disclosed in Note 24 to the consolidated financial statements.

Commodity price risk

The Group is exposed to commodity price risk through fluctuations of the price of coal sold by the Group. The Group has not used forward contracts to eliminate the commodity price exposures on individual transactions.

Foreign currency risk

The Group are not exposed to significant foreign currency exchange risk as their transactions of operation and balances are substantially denominated in their respective functional currencies.

Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including reviewing of the expected cash inflows and outflows, maturity of bank loans in order to monitor the Group's liquidity requirements in the short and longer term. Note 2.1 explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

Year ended 31 December 2024

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

At the end of the reporting year, financial obligations of the Group included trade and other payables, bank loans, lease liabilities and long-term payables. The following table details the remaining contractual maturities of the Group's non-derivative financial liabilities at the end of the reporting year, which are based on contractual undiscounted cash flows (including interest payments computing using contractual rates) and the earliest date the Group are obligated to pay:

As at 31 December 2024

	Contractual undiscounted cash outflow					
	within 1 year or on demand RMB ² 000	1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December
Bank loans Other financial liabilities included in trade and	584,693	368,103	12,658	-	965,454	878,320
other payables	1,195,336	-	-	-	1,195,336	1,195,336
Lease liabilities (including current portion) Long-term payables (including current portion)	24,793 110,864	28,511 346,322	26,482 260,140	1,854 273,115	81,640 990,441	77,556 861,775
	1,915,686	742,936	299,280	274,969	3,232,871	3,012,987

As at 31 December 2023

	Contractual undiscounted cash outflow					
	within 1 year or on demand RMB'000	1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December
Bank loans Other financial liabilities included in trade and	1,060,348	276,106	-	-	1,336,454	1,302,800
other payables	797,795	_	-	_	797,795	797,795
Lease liabilities (including current portion)	2,404	1,762	907	8,728	13,801	8,887
Long-term payables (including current portion)	110,093	87,224	261,671	361,869	820,857	640,317
	1,970,640	365,092	262,578	370,597	2,968,907	2,749,799



Year ended 31 December 2024

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

For the year ended 31 December 2024, the Group's cash at bank and on hand was mainly used in the development of the Group's Dafanpu Coal Mine, Yong'an Coal Mine and Weiyi Coal Mine and prepayments of proposed acquisitions to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and cash generated from operating activities. The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is the total equity.

As at 31 December 2024, the Group's outstanding balance of bank loans amounted to RMB878,320,000. The Group's gearing ratio was 2.9% as at 31 December 2024 (as at 31 December 2023: 7.1%). The gearing ratios as at the end of the reporting year were as follows:

	2024 RMB'000	2023 RMB'000
Bank loans	878,320	1,302,800
Less: Cash at bank and on hand	(629,937)	(734,143)
Net debt	248,383	568,657
Total equity	8,274,747	7,420,199
Capital and net debt	8,523,130	7,988,856
Gearing ratio	2.9%	7.1%

Year ended 31 December 2024

41 ACQUISITION OF SUBSIDIARIES

Acquisition of Taiyuan Hetai

As disclosed in Note 20(b) to the consolidated financial statements, on 1 December 2023, the Group entered into the Second Supplemental Agreement with Sellers and Taiyuan Hetai to acquire 100% equity interests of Taiyuan Hetai. The total consideration of the acquisition was RMB220,000,000. Upon the completion of the acquisition, the Group controls 100% equity interests of Taiyuan Hetai.

Taiyuan Hetai and its sole subsidiary Taiyuan Shirui Real Estate Co., Ltd. are companies incorporated in the PRC with limited liability. They are principally engaged in real estate development and sales.

The identifiable assets of Taiyuan Hetai are mainly properties under development. The acquisition was completed on 3 June 2024 ("Acquisition Date").

The Acquisition of Taiyuan Hetai contributed consolidated revenue of RMB236,427,000 and consolidated net loss of RMB75,114,000 to the Group for the period from the Acquisition Date to 31 December 2024.

The assets and liabilities arising from the acquisition of Taiyuan Hetai are as follows:

	Acquisition Date RMB'000
	111112 000
Dranasty plant and acquirment	31
Property, plant and equipment Deferred tax assets	33,509
Inventories	•
Trade and other receivables	1,307,589 15,439
Cash at bank and on hand	12,847
Trade and other payables	(423,580)
Contract liabilities	(506,608)
Other borrowing	(193,190)
Provisions	(26,037)
Total identifiable net assets	220,000
Total consideration for the identifiable net assets acquired	220,000
Less: cash at bank and on hand of acquiree	(12,847)
prepayment for the proposed acquisition in previous years	(220,000)
Add: prepayment in relation to the Debt	66,761
Net cash outflow arising from the acquisition of Taiyuan Hetai	53,914



Year ended 31 December 2024

42 SUBSEQUENT EVENTS AFTER THE REPORTING YEAR

(a) Completion of the Seedlife acquisition

Upon the completion of the acquisition on 13 January 2025, Seedlife has become an indirect wholly-owned subsidiary of the Group. The acquisition of Seedlife will be accounted for as a business combination in accordance with HKFRS 3, *Business Combinations*. The Group is still in the process of assessing the fair value of the net identifiable assets of Seedlife and its subsidiaries.

(b) Entering into the Property Management Services Framework Agreement

On 13 January 2025, Shenzhen Qianhai Seedland Intelligent Service Holding Group Co., Ltd. ("Qianhai Seedland"), an indirect wholly-owned subsidiary of the Company, and Seedland entered into the Property Management Services Framework Agreement, pursuant to which, among others, Qianhai Seedland agreed to provide, and Seedland agreed to receive, property management services and other value-added services for a term commencing from 13 January 2025 to 31 December 2025. The total service fees payable by Seedland for receiving property management services and other value-added services to be provided by Qianhai Seedland in 2025 shall not exceed RMB60,000,000. For property management services, the service fees payable by Seedland shall not exceed RMB48,000,000. For other value-added services, the service fees payable by Seedland shall not exceed RMB12,000,000.

Save as those disclosed in the consolidated financial statements, the Group has no significant events subsequent to 31 December 2024 that require disclosure.

Year ended 31 December 2024

43 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting year is as follows:

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment in subsidiaries	14	743,537	631,250
Prepayments for proposed acquisitions		47,705	_
Other non-current assets		84,734	38,380
Total non-current assets		875,976	669,630
Current assets			
Amount due from subsidiaries		631,656	591,052
Other receivables		2,952	1,112
Cash at bank		792	320,675
Current portion of other non-current assets		-	16,413
Total current assets		635,400	929,252
Current liabilities			
Amount due to subsidiaries		682,495	466,998
Dividends payable		_	307,004
Acquisition payments payable		69,282	67,799
Total current liabilities		751,777	841,801
Net current (liabilities)/assets		(116,377)	87,451
Tion our (nazimios), assets		(110,011)	07,101
Total assets less current liabilities		759,599	757,081
NET ASSETS		759,599	757,081
			- ,- ,-
EQUITY			
Share capital		54,293	54,293
Reserves (Note)		705,306	702,788
TOTAL EQUITY		759,599	757,081

Approved and authorised for issue by the board of directors on 25 March 2025.

Ju Wenzhong

Li Bo

Chairman and Executive Director

Chief Executive Officer and Executive Director



Year ended 31 December 2024

43 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (cont'd) Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000 (Note 34)	Share award scheme reserves RMB'000 (Note 35(i))	Other reserve RMB'000 (Note 35(ii))	Exchange reserve RMB'000 (Note 35(iv))	Retained profit RMB'000	Total RMB'000
At 1 January 2023	483,907	-	141,831	75,537	7,491	708,766
Profit for the year Other comprehensive income	-	-	_	- (11,099)	1,087,368	1,087,368 (11,099)
Total comprehensive income for				(11,000)		(11,000)
the year Dividends paid		-	-	(11,099) -	1,087,368 (775,243)	1,076,269 (775,243)
Dividends declared	_	_	_		(307,004)	(307,004)
At 31 December 2023 and 1 January 2024	483,907	-	141,831	64,438	12,612	702,788
Profit for the year Other comprehensive income	-	-	-	- 3,272	1,251,174	1,251,174 3,272
Total comprehensive income for the year				3,272	1,251,174	1,254,446
Dividends paid Purchase of shares under share award	-	-	-	-	(1,228,417)	(1,228,417)
schemes	-	(23,511)	-	-	-	(23,511)
At 31 December 2024	483,907	(23,511)	141,831	67,710	35,369	705,306

Financial Summary

FINANCIAL RESULTS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
Revenue	5,655,829	4,745,069	6,155,830	5,580,702	2,961,404
Profit before taxation Income tax expense	2,736,755 (656,101)	2,440,901 (368,178)	3,634,027 (977,712)	3,422,296 (954,737)	1,228,156 (413,360)
Profit for the year	2,080,654	2,072,723	2,656,315	2,467,559	814,796
Other comprehensive income for the year that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of operations outside China	25,821	42,547	(12,339)	9,013	25,457
Total comprehensive income for the year	2,106,475	2,115,270	2,643,976	2,476,572	840,253
Basic and diluted earnings per share attributable to equity shareholders of the Company (RMB cent)	25.06	24.65	31.61	29.28	9.67

ASSETS AND LIABILITIES

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total non-current assets	9,722,032	8,780,727	7,880,432	2,823,202	1,964,612
Total current assets Total current liabilities	3,268,694 3,425,861	2,157,187 2,572,076	1,612,209 1,815,415	3,219,009 1,391,272	1,708,038 854,650
Net current (liabilities)/assets	(157,167)	(414,889)	(203,206)	1,827,737	853,388
Total assets less current liabilities	9,564,865	8,365,838	7,677,226	4,650,939	2,818,000
Total non-current liabilities	1,290,118	945,639	1,360,436	78,897	58,280
Net assets	8,274,747	7,420,199	6,316,790	4,572,042	2,759,720
Total equity	8,274,747	7,420,199	6,316,790	4,572,042	2,759,720