



Xinjiang Xinxin Mining Industry Co., Ltd.\*

新疆新鑫礦業股份有限公司

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

Stock Code: 3833

Annual Report

20  
24

We See The Future

\*For identification purpose only

# CONTENTS

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2	Corporate Information
6	Summary of Financial Information
7	Chairman's Statement
13	Management Discussion and Analysis
20	Directors, Supervisors and Senior Management
27	Corporate Governance Report
44	Report of the Directors
58	Report of the Supervisory Committee
63	Independent Auditor's Report
70	Consolidated Balance Sheet
74	Company Balance Sheet
79	Consolidated Income Statement
82	Company Income Statement
84	Consolidated Cash Flow Statement
87	Company Cash Flow Statement
89	Consolidated Statement of Changes in Shareholders' Equity
91	Company's Statement of Changes in Shareholders' Equity
93	Notes to the Financial Statements
263	Supplementary Information to the Financial Statements

# CORPORATE INFORMATION

## EXECUTIVE DIRECTOR

Chen Yin (*Appointed on 31 May 2024*)

## NON-EXECUTIVE DIRECTORS

Guo Quan (*Chairman*) (*Resigned as Chairman on 27 March 2024 and resigned as a non-executive Director on 31 May 2024*)

Qi Xinhui (*Chairman*) (*Appointed as Chairman on 27 March 2024 and re-designated as a non-executive Director on 20 December 2024*)

Zhou Chuanyou (*Vice chairman*)

Wang Lijian

Chen Yang

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Benyuan

Wang Qingming (*Resigned on 31 May 2024*)

Huang Yong (*Appointed on 31 May 2024*)

Lee Tao Wai

## SUPERVISORS

Yao Wenying (*Chairman*)

Chen Rong

Li Shouqiang

Huang Fakai

Meng Guojun (*Resigned on 31 May 2024*)

Lin Su (*Appointed on 31 May 2024*)

## AUDIT COMMITTEE

Hu Benyuan (*Chairman*)

Hu Chengye

Lee Tao Wai

## REMUNERATION AND REVIEW COMMITTEE

Hu Benyuan (*Chairman*)

Guo Quan (*Resigned on 27 March 2024*)

Qi Xinhui (*Appointed on 27 March 2024*)

Zhou Chuanyou

Wang Qingming (*Resigned on 31 May 2024*)

Huang Yong (*Appointed on 31 May 2024*)

Lee Tao Wai

## NOMINATION COMMITTEE

Guo Quan (*Chairman*) (*Resigned on 27 March 2024*)

Qi Xinhui (*Chairman*) (*Appointed on 27 March 2024*)

Hu Benyuan

Lee Tao Wai

## STRATEGY AND SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE

Guo Quan (*Chairman*) (*Resigned as the chairman of the committee on 27 March 2024 and resigned as a member on 31 May 2024*)

Qi Xinhui (*Chairman*) (*Appointed as the chairman of the committee on 27 March 2024*)

Chen Yin (*Appointed on 31 May 2024*)

Zhou Chuanyou

Wang Lijian

Wang Qingming (*Resigned on 31 May 2024*)

Huang Yong (*Appointed on 31 May 2024*)

## COMPANY SECRETARIES

Lam Siu Wing

Wu Ning



# CORPORATE INFORMATION

## AUTHORISED REPRESENTATIVES

Qi Xinhui  
Lam Siu Wing  
Lee Tao Wai (*Alternate*)

## REGISTERED OFFICE IN HONG KONG

9/F The Center  
99 Queen's Road Central  
Central, Hong Kong

## STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.501, Fusion South Road, Cooperation Zone,  
Economic and Technological Development Zone,  
Urumqi, Xinjiang

## LEGAL ADVISERS

Beijing Grandway Law Offices (PRC law)  
Hui Doe & Sum Law Firm LLP (Hong Kong law)

## AUDITORS

International and PRC auditors  
ShineWing Certified Public Accountants LLP

## H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services  
Limited  
Shops 1712–1716, 17 Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PUBLIC RELATIONS

Wonderful Sky Financial Group Limited

## COMPANY WEBSITE

[kunlun.wsfg.hk](http://kunlun.wsfg.hk)

## STOCK CODE

3833

# CORPORATE INFORMATION

## SUMMARY

Xinjiang Xinxin Mining Industry Co., Ltd.\* (the “Company”) was incorporated on 1 September 2005 with the approval of the People's Government of Xinjiang Uygur Autonomous Region as a joint stock limited company in the People's Republic of China (the “PRC”) by way of promotion with Xinjiang Non-ferrous Metal Industry (Group) Ltd.\* (新疆有色金屬工業(集團)有限責任公司) (“Xinjiang Non-Ferrous”), Shanghai Yilian Kuangneng Co. Ltd.\* (上海怡聯礦能實業有限公司) (“Shanghai Yilian”), Zhongjin Investment (Group) Ltd.\* (中金投資(集團)有限公司) (“Zhongjin Investment”), Zijin Mining Group (Xiamen) Investment Co., Ltd.\* (紫金礦業集團(廈門)投資有限公司) (“Zijin Mining (Xiamen)”), Xinjiang Xinying New Material Co. Ltd.\* (新疆信盈新型材料有限公司) and Shaanxi Honghao Industry Co., Ltd.\* (陝西鴻浩實業有限公司) acting as the promoters (collectively referred to as the “Promoters”).

The Promoters hold in aggregate 1,451,000,000 domestic shares of the Company. In October 2007, 759,000,000 H shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company was the first Chinese nickel cathode production enterprise listed outside the PRC.

On 9 March 2016, Shaanxi Honghao Industry Co., Ltd.\* (陝西鴻浩實業有限公司) transferred all of 6,272,000 domestic shares held by it in the Company to Shaanxi Guangyou Trade Co., Ltd.\* (陝西廣優貿易有限公司) by means of negotiated assignment, after which, Shaanxi Guangyou Trade Co., Ltd.\* (陝西廣優貿易有限公司) holds 6,272,000 domestic shares of the Company.

The Company and its subsidiaries (the “Group”) are the second largest nickel cathode producer in the PRC utilizing nickel sulfide resources and are principally engaged in the mining, ore processing, smelting and refining operations and sales of nickel, copper and other non-ferrous metals. The major product of the Group is nickel cathode. The secondary product is copper cathode. Cobalt, gold, silver, platinum and palladium are also produced and derived from the Group's major production process.

In addition to the Kalatongke nickel-copper mine held by the Company at the time of establishment, the Company acquired Huangshandong (黃山東), Huangshan (黃山) and Xiangshan (香山), three nickel-copper mines in Hami, Xinjiang in 2009. The Company held 100% equity interests in the above four nickel-copper mines.

The Company acquired 51% equity interests in Shaanxi Xinxin Mining Co., Ltd (“Shaanxi Xinxin”) in 2011. Shaanxi Xinxin held two vanadium mines in Xianghe Street and Mujia River in Shangnan, Shaanxi (陝西商南縣的湘河街和穆家河) in which the Company held 51% equity interests thereof. As of 31 December 2024, two vanadium mines in Xianghe Street and Mujia River were still under the stage of resource exploration and no mining activities had been conducted yet.

The Company announced the possibility that the Company may adopt and implement a H Shares Circulation Proposal on 22 October 2021, and subsequently received the official approval from the CSRC regarding the implementation of the full circulation of H shares of the Company on 13 September 2022. The listing approval was granted to the Company by the Stock Exchange for the full circulation of the H Shares of the Company on 15 November 2022, and the conversion of 191,580,000 domestic shares of the Company into H Shares was completed on 16 December 2022.

# CORPORATE INFORMATION

## RESOURCES AND RESERVES – THE RESOURCES DEPARTMENT

The resources and reserves estimates for the deposits of four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan as at 31 December 2024 are set out in the following tables:

	Ore contents (t)	Grade Cu (%)	Ni (%)	Metal contents Cu (t)	Ni (t)
<b>Resources as of 31 December 2024</b>					
Kalatongke nickel-copper mine	27,027,152	0.98	0.56	264,809	151,834
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	62,508,959	0.29	0.46	180,645	287,512
Total	89,536,111			445,454	439,346
<b>Reserves as of 31 December 2024</b>					
Kalatongke nickel-copper mine	16,951,168	1.03	0.63	175,175	106,591
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	24,572,633	0.31	0.50	76,921	123,206
Total	41,523,801			252,096	229,797

*Note:* The resources and reserves estimates for the deposits of Kalatongke nickel-copper mine were based on the 2007 estimates in the independent technical review report as shown in the Company's Prospectus dated 27 September 2007, of which the reserves exclude nickel-copper mines in No. 3 mineral deposit upgraded above the control grade. The resources and reserves estimates for the deposits at three nickel-copper mines in Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC, of which the reserves exclude the available low-grade nickel-copper mines. The increases and decreases in resources and reserves due to mining consumption and exploration during the period were confirmed by internal experts.

The resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River as of 31 December 2024 are set out in the following table:

	Ore contents (t)	V <sub>2</sub> O <sub>5</sub> grade (%)	V <sub>2</sub> O <sub>5</sub> contents (t)
<b>Resources as of 31 December 2024</b>			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	16,410,100	0.89	146,015
Total	26,569,500		242,315

*Note:* The resources estimates for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Land and Resources Bureau of Shanxi Province. In 2020, according to the Mineral Resources Exploration License Notification issued by the Department of Natural Resources of Shaanxi Province (Shaanxi Ziran Zikuang Kanzi [2021] 045), the resources of the Mujiahe Vanadium Exploration Rights and Mining Rights (retained) were estimated and identified by internal experts. The exploration rights certificates of vanadium mines in Xianghe Street and Mujia River expired as of 31 December 2024. As of the date of this Report, the application for the extension of the validity period of the Xianghe Street vanadium mine was still under application, while the application for the extension of the validity period of the Mujia River vanadium mine exploration rights certificate was approved, with the validity period commencing from 14 January 2025 to 14 January 2030.

# SUMMARY OF FINANCIAL INFORMATION

Year ended 31 December/As at 31 December

(RMB'000)

	2020	2021	2022	2023	2024
<b>RESULTS OF OPERATIONS</b>					
Revenue	1,853,909	2,382,408	2,863,725	2,049,837	<b>2,281,399</b>
Gross operating profit*	401,831	860,464	1,213,221	586,118	<b>523,905</b>
Net profit or total comprehensive income attributable to					
– Shareholders of the Company	179,171	514,262	743,236	162,343	<b>173,949</b>
– Non-controlling interests	151,838	515,585	744,654	162,664	<b>185,918</b>
	27,333	(1,323)	(1,418)	(321)	<b>(11,969)</b>
Earnings per share – basic and diluted (RMB/share)	0.069	0.233	0.34	0.07	<b>0.08</b>
<b>CASH FLOWS</b>					
Net cash flows generated from operating activities	352,315	683,043	866,993	557,956	<b>197,580</b>
<b>FINANCIAL POSITION</b>					
Total assets	7,263,264	7,393,500	7,829,460	7,837,578	<b>7,723,225</b>
Total liabilities	2,831,096	2,447,070	2,139,794	2,317,070	<b>2,137,968</b>
Equity attributable to shareholders of the Company	4,412,789	4,928,375	5,673,029	5,504,193	<b>5,580,910</b>
Non-controlling interests	19,378	18,054	16,637	16,315	<b>4,347</b>
Total shareholders' equity	4,432,167	4,946,429	5,689,666	5,520,508	<b>5,585,257</b>
Cash and cash equivalents	263,453	376,577	621,471	483,703	<b>468,798</b>
<b>KEY FINANCIAL RATIOS</b>					
Gross profit margin (%)	23.58	38.23	43.2	33.9	<b>24.3</b>
Net profit margin (%)	9.66	21.59	25.95	7.92	<b>7.62</b>
Gearing ratio (%) (net debts/total capital**)	26.38	17.82	6.18	4.90	<b>5.02</b>
Current ratio (times)	1.1	1.2	2.2	1.8	<b>1.4</b>

\* Gross operating profit: revenue  $\pm$  gains or losses on changes in fair value – cost of sales – taxes and surcharges

\*\* Total capital: net debts + total equity

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to extend my gratitude for your confidence and support to Xinjiang Xinxin Mining Industry Co., Ltd.\* (the "Company") and its subsidiaries (collectively the "Group"). I am pleased to report the operating results for the year ended 31 December 2024 ("Year 2024" or the "Year"):

## MARKET OVERVIEW

In 2024, the average three-month future price of nickel cathode quoted on the London Metal Exchange was US\$17,058 per tonne, representing a decrease of approximately 20.8% as compared to that in 2023, and the average three-month future price of copper cathode was US\$9,263 per tonne, representing an increase of approximately 6.5% as compared to that in 2023.

In 2024, the average settlement price (tax inclusive) of nickel cathode quoted on the Shanghai Futures Exchange was RMB132,112 per tonne, representing a decrease of approximately 22.8% as compared to that in 2023; the average spot price (tax inclusive) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB133,384 per tonne, representing a decrease of approximately 22.1% as compared to that in 2023; and the average spot price (tax inclusive) of copper cathode was RMB75,091 per tonne, representing an increase of approximately 9.8% as compared to that in 2023.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2024.

## INDUSTRY POSITION

The Group is a mining company principally engaged in the mining, ore processing, smelting and refining of nickel cathode products and other non-ferrous metals (namely, copper, cobalt, gold, silver, platinum and palladium). According to the statistics of China Nonferrous Metals Industry Association, the domestic nickel output in 2024 was 378,000 tonnes, representing an increase of approximately 62.9% as compared to that in 2023. The Group produced 10,274 tonnes of nickel cathode in 2024, making it the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources in China.

## BUSINESS REVIEW

### Production and Operation

For the year of 2024, in order to cope with the adverse impact of the rising procurement prices of raw materials on enterprises, and in accordance with the relevant requirements of the State and Xinjiang government regarding enhancing production safety and improvement on environmental protection indicators, the Group continued to enhance the upgrade and transformation of the production safety facilities, environmental protection facilities and the major production processes, strengthen the enterprise party building work and other fundamental management work, adjust internal operation structure, optimize the technical and economic indicators of production processes, strictly control non-production expenditures, supplement and improve technological renovation and capacity expansion projects as well as perform technical commissioning to reach the level of production capacity and production standard and comprehensively enhance the enterprise's operational efficiency. In the meantime, the Group continued the marketing strategies of pricing sales by using a combination of spot and futures prices, in order to achieve the goal of realizing the sales of major products of the Group with a relatively higher market price to enhance the economic efficiency.



# CHAIRMAN'S STATEMENT

For the year of 2024, the Group recorded a total nickel cathode output of 10,274 tonnes, representing an increase of approximately 36.7% as compared to that in 2023, and a total copper cathode output of 8,792 tonnes, representing an increase of approximately 52.4% as compared to that in 2023.

For the year of 2024, the Group recorded total nickel cathode sales of 9,998 tonnes, representing an increase of approximately 29.1% as compared to 7,747 tonnes in 2023, and total copper cathode sales of 8,939 tonnes, representing an increase of approximately 82.1% as compared to 4,908 tonnes in 2023.

For the year of 2024, the Group recorded an average selling price (tax exclusive, including gains and losses from changes in fair value) of nickel cathode of approximately RMB117,604 per tonne, representing a decrease of approximately 17.5% as compared to RMB142,601 in 2023, and the average selling price (tax exclusive, including gains and losses from changes in fair value) of copper cathode of approximately RMB67,326 per tonne, representing an increase of approximately 11.6% as compared to RMB60,334 in 2023.

For the year of 2024, the Group recorded an average cost of sales of nickel cathode of approximately RMB81,539 per tonne, representing a decrease of approximately 0.7% as compared to RMB82,113 in 2023, and the average cost of sales of copper cathode of approximately RMB61,857 per tonne, representing a decrease of approximately 10.6% as compared to RMB69,164 in 2023.

For the year of 2024, the Group achieved revenue of approximately RMB2,281.4 million, representing an increase of approximately 11.3% as compared to that in 2023; the Group realized a net profit of approximately RMB173.9 million, while the net profit was approximately RMB162.3 million in 2023; a comprehensive profit attributable to shareholders of the Company amounted to approximately RMB185.9 million, as compared to a comprehensive profit attributable to shareholders of the Company of approximately RMB162.7 million in 2023; earnings per share (basic and diluted) of approximately RMB0.08 as compared to earnings per share (basic and diluted) of approximately RMB0.07 in 2023.

Mineral exploration activities: For the year of 2024, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining") mainly completed 13,867.2 meters of surface drilling, 7,441.5 meters of drilling in pit, and 1,584.0 meters of three-component magnetic well logs. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao") mainly completed 3,336.27 meters of surface drilling, 2,974.0 meters of drilling in pit, 9 square kilometers of well-ground survey, 1,887.16 meters of apparent resistivity well logs, and 1,984 points of magnetic logs in wells. For the year of 2024, the total amount of expenditure that the Group expended on exploration was approximately RMB11.5 million.

Mining development activities: For the year of 2024, Kalatongke Mining mainly completed the excavation of 1,130.8 meters of No. 1 ore body, 2,827.3 meters of No. 2 ore body, and 499.6 meters of No. 3 ore body. The progress of the Xinjiang Yakesi Huangshan Copper-Nickel Mine infrastructure development was 1,775.87 meters, and the progress of mining and cutting works was 4,195.5 meters. For the year of 2024, the Group's total expenditure for mining development activities amounted to approximately RMB25.9 million.

Ore mining: For the year of 2024, Kalatongke Mining produced 970,503 tonnes of ore, while Xinjiang Yakesi and Hami Jubao produced 1,342,777 tonnes of ore. For the year of 2024, the aggregate expenditures of the ore mining operation of the Group was approximately RMB316.8 million.

## CHAIRMAN'S STATEMENT

Ore processing: For the year of 2024, Kalatongke Mining produced 85,115 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced 44,222 tonnes of nickel concentrate and 8,997 tonnes of copper concentrate.

Smelting and refining: For the year of 2024, Kalatongke Mining produced 24,297 tonnes of water hardening and nickel matte. Fukang Refinery manufactured 10,274 tonnes of nickel cathode, 8,792 tonnes of copper cathode and 105 tonnes of electrolytic cobalt.

Sales: For the year of 2024, the Group achieved revenue from principal businesses of approximately RMB2,259.8 million in total (excluding gains and losses from changes in fair value), which comprised approximately RMB1,162.0 million of sales revenue from nickel cathode (excluding gains and losses from changes in fair value), accounting for approximately 51.4% of the revenue from principal businesses of the Group, approximately RMB601.8 million of sales revenue from copper cathode, accounting for approximately 26.7% of the revenue from principal businesses of the Group, and approximately RMB496.0 million of sales revenue from other products (including copper concentrate, sulphuric acid, gold, silver, platinum, palladium, precious metal materials and copper leaching tailings) (excluding gains and losses from changes in fair value), accounting for approximately 21.9% of the revenue from principal businesses of the Group.

### **Progress of Technological Renovation and Capacity Expansion Projects and Infrastructure Projects**

For the year of 2024, the technological renovation and capacity expansion projects carried out by the Group mainly included the technological renovation project of Kalatongke Mining in relation to the enhancement of smelting processes and the improvement of the mining, ore processing and smelting capacities as well as environmental protection standards, the technological renovation and capacity expansion project of Fukang Refinery in relation to the enhancement of the auxiliary facilities to improve the refining capacities and automation of nickel cathode and copper cathode, and the technological renovation and capacity expansion project of Xinjiang Yakesi and Hami Jubao in relation to the improvement of the production capacity and ore quality. The major technological renovation and capacity expansion projects of the Group proceeded smoothly as a whole in 2024 and the work progress requirements were completed as scheduled during the Year. The investment on each major technological renovation and capacity expansion project is as follows:

For the year of 2024, a total of approximately RMB125.2 million was invested in the technological renovation and capacity expansion project of Kalatongke Mining involving the further enhancement of the daily mining capacity to 3,400 tonnes, daily ore processing capacity to 3,000 tonnes, annual production capacity of water hardening and nickel matte to 8,000 tonnes as well as improvement of environmental protection standards.

For the year of 2024, a total of approximately RMB13.9 million was invested in the technological renovation and capacity expansion project of Fukang Refinery in relation to the further enhancement of the auxiliary facilities to improve the refining capacities and automation of nickel cathode and copper cathode.

For the year of 2024, a total of approximately RMB36.3 million was invested in the technological renovation and capacity expansion project of Xinjiang Yakesi and Hami Jubao in relation to the improvement of the production capacity and ore quality.

# CHAIRMAN'S STATEMENT

## Safety and Environmental Protection

The Group adheres to the safety and environmental protection work policies of “Safety First, Precaution Foremost” and “Equal Emphasis on both Resource Exploitation and Environmental Protection” and earnestly carries out the Group's production safety and environmental protection work. In 2024, the Group achieved its target of production safety. The environmental protection work was conducted in strict compliance with the relevant national laws and regulations.

## OUTLOOK

### Operating Environment

For the year of 2025, uncertainties that have an impact on global economic development still persist, while the global economy is facing insufficient growth momentum. Meanwhile, China is undergoing a transitional phase towards high-quality development, placing greater emphasis on deepening reform and opening up, technological innovation, and optimizing industrial structure, and yet it is expected to maintain relatively stable growth (the Chinese government forecasts China's GDP growth rate to be approximately 5% in 2025). In this regard, the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market will increase in 2025.

For the year of 2025, the Group will strengthen its management, enhance the Group's overall management level and operational efficiency, explore its internal potential, ensure the balanced operation, stabilized production and over-production for the full process of mining, ore processing, smelting and refining of the Group, and maintain stability in the production level of major products.

### Operational Objectives

For the year of 2025, the Group plans to produce 12,000 tonnes of nickel cathode, representing an increase of approximately 9.1% as compared to the planned production of nickel cathode in 2024, and plans to produce 9,900 tonnes of copper cathode for the year 2025, remaining the same level as compared to the planned production of copper cathode in 2024. Shareholders and potential investors should be cautioned that the above estimates are made on the basis of the current market situation and the existing conditions of the Group and are subject to a number of uncertainties in metal prices, domestic raw materials market and production environment. The Board may adjust the relevant production plan according to the changes of actual situation.

## BUSINESS STRATEGIES

### Production and Operation

For the year of 2025, as there are more uncertainties that may affect the development of the global economy, the Group will continue to strengthen its research and analysis of the trend of price in the international and domestic nickel cathode and cathode copper markets combining with its actual situation and capital capability and carry out more flexible and proactive marketing strategies. Moreover, the Group will continue to strengthen the upgrading of its production safety and environmental protection facilities and major production processes to cater for the optimization of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for production safety and environmental protection improvement. On top of these, the Group will fully explore its internal potential, strive to increase output and income, and further reduce its production costs and expenses through stringent control of non-production expenditures with an aim to continuously generate greater economic benefits for the Group and improve its management standards and general operation efficiency.

### Project Construction Work

For the year of 2025, the planned investments in the major construction projects of the Group are as follows:

Kalatongke Mining will undergo further enhancement of its daily mining and daily ore processing capabilities of 3,400 tonnes and 3,000, tonnes respectively, annual production of 8,000 tonnes of nickel contents out of the water hardening and nickel matte, as well as automation and technological optimization projects. The Company expects to invest RMB129.5 million in the plan above for the year 2025.

Fukang Refinery will undergo further enhancement of its refining auxiliary facilities to enhance the refining capacity of nickel cathode and copper cathode as well as automation and technological optimization projects. The Company expects to invest RMB192.7 million in the plan above for the year 2025.

Xinjiang Yakesi will improve its production capacity and automation. The Company expects to invest RMB72.3 million in the plan above for the year 2025.

### Mineral Resources Control and Search for Mines by Geological Means

Mineral resources are the fundamental guarantee for the continuing development of a mining company. The control of mineral resources and the search for mines by geological means have always been the core components of the business development of the Group. The Group places great emphasis on searching for preliminary mining projects with potentials for acquisition, enhances in-depth exploration, extends exploration in the surrounding areas of its existing major mines, and applies effective mine searching methods to achieve effective growth of the mineral resources and reserves of the Group. For the year of 2025, the Group plans to invest RMB22.08 million in in-depth exploration and extension of exploration in the surrounding area of its existing major mines resources and search for mines by geological means. In particular, Kalatongke Mining plans to invest RMB9.67 million in exploration while Xinjiang Yakesi and Hami Jubao plan to invest RMB12.41 million in exploration.



# CHAIRMAN'S STATEMENT

## Mergers and Acquisition

The Company has placed great emphasis on mergers and acquisition of enterprises since its listing. Following the successful acquisition of various mining companies including Xinjiang Yakesi, Hami Jubao, Hami Zhongxin, Shaanxi Xinxin and Hami Hexin Mining Company Limited (in which the Company holds 50% equity interests), the Group's nickel and copper resources and reserves as well as its development and production capacity achieved substantial increase. The acquisitions have further optimized the Group's production chain, strengthened its core competitiveness and uplifted the operational efficiency of assets as a whole. On 14 February 2025, the Group entered into an equity transfer agreement with Xinjiang Non-ferrous to acquire 51% equity interests in Xinjiang Huaou Mining Co., Ltd.\* (新疆華甌礦業有限公司) ("Huaou Mining" held by it at a consideration of approximately RMB1,098 million. For details of the transaction, please refer to the circular of the Company dated 24 March 2025. As of the date of this Report, the acquisition has been approved by the Xinjiang State-owned Assets Supervision and Administration Commission and the Board of the Company, and its implementation is subject to the approval of the independent Shareholders at the general meeting. For the year of 2025, the Group will fully utilize its strength to enhance enterprises merger and acquisition, initiate economic cooperation and capture the business opportunities of merger and acquisition in the international and the domestic metal markets. The Group will strive for new breakthrough in terms of mergers and acquisition of enterprises and capital management, leading to a new milestone for the Group.

The year of 2025 will be a year of both opportunities and challenges for the Group. The Group will take more proactive and progressive operating strategies to cope with the complex situation where there are a number of uncertain factors affecting the development of the global economy, ensuring that the Group can manage to achieve sustained and moderate growth under operating condition which features high efficiency and low-cost. The Group has abundant resources and reserves, a favorable industry position and a sophisticated management team in the industry to enable it to enjoy sufficient benefits when the world economy further improves. The Group believes that with the great efforts of its staff and the tremendous support from various sectors of the society, the Group will achieve sustained and stable development in 2025.

By order of the Board

**Qi Xinhui**  
*Chairman*

Xinjiang, the PRC  
28 March 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING RESULTS

In 2024, the revenue of the Group amounted to approximately RMB2,281.4 million, representing an increase of approximately 11.3% as compared to approximately RMB2,049.8 million in 2023; the comprehensive net profit of the Group amounted to approximately RMB173.9 million, representing an increase of approximately 7.1% as compared to the comprehensive net profit of the Group amounting to RMB162.3 million in 2023; the comprehensive net profit attributable to the shareholders of the Company amounted to approximately RMB185.9million, representing an increase of approximately 14.3% as compared to the comprehensive net profit attributable to the shareholders of the Company amounting to approximately RMB162.7 million in 2023. The increase in the annual operation results in 2024 as compared to that in 2023 was primarily due to: (1) the sales volume of nickel cathode increased from 7,747 tonnes in 2023 to 9,998 tonnes in 2024, representing an increase of approximately 29.1%; (2) the sales volume of copper cathode increased from 4,908 tonnes in 2023 to approximately 8,939 tonnes in 2024, representing an increase of approximately 82.1%; and (3) the gain on change in fair value amounted to RMB17.5 million in 2024, compared to the loss on change in fair value of RMB64.1 million in 2023, representing an increase of approximately RMB81.6 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE AND GROSS PROFIT OF THE PRINCIPAL BUSINESSES

The following table illustrates the details of sales by products of the Group for the years ended 31 December 2024 and 31 December 2023, respectively:

Product Name	For the year ended 31 December 2024			For the year ended 31 December 2023			
	Sales volume Tonnes	Amount RMB'000	% to Revenue from principal operation	Sales volume Tonnes	Amount RMB'000	% to Revenue from principal operation	Growth Rate in Amount +/(–)
Nickel cathode	9,998	1,161,909	51.4%	7,747	1,171,991	57.8%	(0.9%)
Copper cathode	8,939	601,838	26.7%	4,908	296,104	14.6%	103.3%
Copper concentrate	10,001	136,578	6.0%	7,703	93,862	4.6%	45.5%
Other products		359,456	15.9%		465,655	23.0%	(22.8%)
Of which:							
Electrolytic cobalt	–	–	–	–	–	–	–
Precious metal materials	555	42,866	1.9%	1,561	93,368	4.6%	(54.1%)
Copper leaching tailings	6,578	222,359	9.8%	6,623	227,665	11.2%	(2.3%)
Total revenue from principal operation		2,259,781	100%		2,027,612	100.0%	11.5%
Gains or losses on changes in fair value		17,407			(65,839)		
Cost of sales from principal operation		(1,712,548)	75.8%		(1,345,732)	66.4%	27.3%
Gross profit/Gross profit margin*		564,640	24.8%		616,041	31.4%	(8.3%)

\* Gross profit margin = (total revenue of principal operation ± gains or losses on changes in fair value – cost of sales from principal operation)/(total revenue of principal operation ± gains or losses on changes in fair value)

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the revenue of nickel cathode of the Group (including gains or losses on changes in fair value of approximately RMB13.8 million) amounted to approximately RMB1,175.8 million, representing an increase of approximately 6.4% as compared to that in 2023, which was mainly attributable to the increase in the production and sales volume of nickel cathode. The Group's average selling price of nickel cathode in 2024 amounted to approximately RMB117,604 per tonne (tax exclusive, including gains and losses from changes in fair value), representing a decrease of approximately 17.5% as compared to approximately RMB142,601 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2023. In 2024, the Group's sales volume of nickel cathode was 9,998 tonnes, representing an increase of approximately 29.1% as compared to 7,747 tonnes in 2023.

In 2024, the revenue of copper cathode of the Group amounted to approximately RMB601.8 million, representing an increase of approximately 103.2% as compared to that in 2023, which was mainly due to the increase in the production and sales volume of copper cathode. The Group's average selling price of copper cathode in 2024 was approximately RMB67,326 per tonne (tax exclusive), representing an increase of approximately 11.6% as compared to approximately RMB60,334 per tonne (tax exclusive) in 2023. The Group's sales volume of copper cathode in 2024 was 8,939 tonnes, representing an increase of approximately 82.1% as compared to 4,908 tonnes in 2023.

In 2024, the revenue of copper concentrate of the Group (including gains and losses from changes in fair value of approximately RMB3.6 million) was approximately RMB140.1 million, representing an increase of approximately 47.2% as compared to that in 2023, which was mainly due to the increase in sales volume of copper concentrate. The Group's average selling price of copper concentrate in 2024 was approximately RMB14,011 per tonne (tax exclusive, including gains and losses from changes in fair value), representing an increase of approximately 13.3% as compared to approximately RMB12,364 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2023. The Group's sales volume of copper concentrate in 2024 was approximately 10,001 tonnes, representing an increase of approximately 29.8% as compared to 7,703 tonnes in 2023.

In 2024, the revenue of other products of the Group amounted to approximately RMB359.5 million, representing a decrease of approximately 22.8% from RMB465.7 million in 2023, which was mainly attributable to the revenue from the sales of previous metal materials amounting to approximately RMB42.9 million in 2024, representing a decrease of 54.1% from RMB93.4 million in 2023.

In 2024, the gross profit from the Group's principal business amounted to approximately RMB564.6 million, representing a decrease of approximately RMB51.4 million as compared to approximately RMB616.0 million in 2023. The gross profit margin of the principal business was approximately 24.8% in 2024, representing a decrease of approximately 6.6 percentage points as compared to approximately 31.4% in 2023, which was mainly due to the decrease in the average selling price of nickel cathode.



# MANAGEMENT DISCUSSION AND ANALYSIS

## SELLING EXPENSES

In 2024, selling expenses incurred by the Group increased by approximately 74.3% to approximately RMB17.6 million, as compared to approximately RMB10.1 million in 2023, which was mainly due to the increase in the sales of the Group's major products, as well as the transportation fees that were incurred for the sales of products to the regions outside of Xinjiang were increased in the Reporting Year.

## GENERAL AND ADMINISTRATIVE EXPENSES

In 2024, the general and administrative expenses incurred by the Group decreased by approximately 3.5% to approximately RMB195.3 million, as compared to approximately RMB202.3 million in 2023.

## FINANCE EXPENSES – NET

In 2024, net finance expenses incurred by the Group amounted to approximately RMB38.8 million, representing a decrease in finance expenses of RMB10.9 million as compared to net finance expenses of RMB49.7 million in 2023, which was mainly due to the Group's research and analysis on financing environment, timely adjustment of the scale of financing, active expansion of financing channels and reduction of financing costs, resulting in a decrease of loan interest expenses by approximately RMB10.8 million.

## NET LOSS FROM ASSET IMPAIRMENT

Net loss from asset impairment for the Year was approximately RMB58.5 million (2023: RMB34.5 million), which included provision for declines in value of inventories amounting to approximately RMB26.8 million and impairment losses of intangible assets amounting to approximately RMB31.7 million.

## FINANCIAL POSITION

In 2024, shareholders' equity increased from approximately RMB5,520.5 million at the end of 2023 to approximately RMB5,585.3 million, primarily due to the distribution of dividends of approximately RMB110.5 million and a profit of RMB173.9 million in 2024. Total assets decreased by approximately 1.45% from approximately RMB7,837.6 million in 2023 to approximately RMB7,723.2 million in 2024, basically remaining at the same level with that in 2023.

In 2024, the net cash inflow generated from the Group's operating activities amounted to approximately RMB197.6 million, representing a decrease of approximately RMB360.4 million, as compared to the net cash inflow of approximately RMB558.0 million in 2023. The net cash outflow used in investing activities was approximately RMB58.9 million, which was mainly attributable to the acquisition of fixed assets and other long-term assets. The net cash outflow used in financing activities amounted to approximately RMB153.6 million, of which the cash inflow from financing activities was mainly attributable to the bank loans received by the Group of approximately RMB200.0 million, and the cash outflow from financing activities was mainly attributable to the Group's repayment of bank loans and interest of approximately RMB224.9 million and distribution of dividends of approximately RMB110.5 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total cash and cash equivalents amounting to approximately RMB468.8 million (2023: RMB483.7 million), and the total borrowings of the Group amounted to approximately RMB763.7 million (2023: RMB768.1 million). As such, the net debts of the Group (total borrowings less cash and cash equivalents) amounted to approximately RMB295.2 million (2023: RMB284.4 million) and the gearing ratio (net debts divided by total capital\*) was approximately 5.0% (2023: 4.9%).

	As at 31 December 2024	As at 31 December 2023
Current ratio ( <i>times</i> )	1.4	1.8
Gearing ratio ( <i>net debts/total capital *</i> )	5.0%	4.9%

\* Total capital: net debts + total equity

## COMMODITY PRICE RISK

The prices of the Group's products are affected by international and domestic market prices and changes in the global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as changes are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the turnover and the comprehensive income of the Group.

## FOREIGN EXCHANGE RATE FLUCTUATIONS RISK

The Company's businesses are solely conducted in RMB. The fluctuations of exchange rates may affect the prices of the international and domestic non-ferrous products, and thus affecting the operating results of the Group. The volatility of the RMB exchange rate has intensified in recent years due to uncertainties in the global economic cycle, the trading environment and the monetary policies of certain major countries. Fluctuations in exchange rates may have an adverse effect on the Group's conversion or exchange of net assets, earnings and any declared dividends into Hong Kong dollars.

## ENVIRONMENTAL RISK

The Chinese economy has shifted from a fast-growing period to a high-quality development phase where emphasis is placed on the optimisation of economic structure and transformation of development patterns. The government's environmental supervision will increase the volatility of output of enterprises to some extent. The Group will continue to strengthen the upgrade of its major production processes to cater for the optimisation of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for enhancing production safety and improvement of environmental protection standard.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans. Bank deposits and loans at floating rate expose the Group to cash flow interest rate risk, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on the prevailing market situation. As of 31 December 2024, the Group's interest-bearing debts were mainly floating rate borrowings denominated in RMB, which amounted to approximately RMB763.7 million (2023: RMB768.1 million) and the Group had no interest rate swap arrangement.

## CHARGE ON ASSETS

The Group did not have any charges or pledges over its assets as at 31 December 2024.

## HISTORICAL CAPITAL EXPENDITURE

Capital expenditure was primarily used to expand the production capacities of the Group, improve the mining, ore processing, smelting and refining production technology and enhance environmental protection of the Group. The following table sets out the conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure for the year ended 31 December 2024 based on various categories of operations:

	Year ended 31 December 2024	
	RMB'000	Percentage %
Mining, ore processing, smelting and complementary operations in		
Kalatongke Mining	125,167	71.4
Refining and complementary operations in Fukang Refinery	13,958	8.0
Mining and ore processing operations in Xinjiang Yakesi	36,255	20.6
Total	175,380	100

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES

As at 31 December 2024, the Group had a total of 1,770 full-time employees. Breakdowns by function and division are as follows:

Division	Employees (Headcounts)	Total (in percentage)
Management and administration	147	8.31%
Engineering technician	210	11.86%
Production staff	1140	64.4%
Repair and maintenance	201	11.36%
Inspection	61	3.45%
Sales	11	0.62%
Total	1,770	100.0%

Employee remuneration for the year ended 31 December 2024  
(RMB'000)

323,704\*

\* Details of breakdowns are disclosed in note V.28 to the Financial Statements.

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organized by the local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium, covering pension insurance, medical insurance, unemployment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, enterprise annuity, medical insurance, unemployment insurance and housing provident funds which the Group must contribute are 16%, 8%, 6.5% to 8.2%, 0.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 1.04% to 2.85% of its employees' total monthly basic salary for occupational injury insurance.



# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTOR

**Mr. Chen Yin** (陳寅), aged 38, studied at Jiangxi University of Science and Technology (江西理工大學), majoring in mining engineering, from September 2005 to July 2009. Mr. Chen has considerable working experience in the non-ferrous metals industry in Xinjiang both in terms of the relevant technical expertise and corporate management. Mr. Chen started his career with the Xinjiang Kalatongke Mining Industry Company Limited\* (新疆喀拉通克礦業有限責任公司) ("Xinjiang Kalatongke", a subsidiary of the Company) immediately after his graduation from university. From July 2009 to June 2012, Mr. Chen served various positions in Xinjiang Kalatongke, including dispatcher, mining technician, technician and section chief, as well as head of the technical room and deputy head dispatcher. From June 2012 to May 2019, Mr. Chen served as deputy head, acting head and head of Mine 1 of Xinjiang Kalatongke. Furthermore, during the period from May 2019 to January 2024, Mr. Chen served as deputy head engineer, member to the Party Committee and deputy general manager as well as deputy secretary of the Party Committee and general manager of Xinjiang Kalatongke. From October 2023 to February 2024, Mr. Chen served as deputy general manager and chief engineer of the Company, and has been serving as the deputy secretary of the Party Committee of the Company since January 2024 and the general manager of the Company since March 2024.

## NON-EXECUTIVE DIRECTORS

**Mr. Qi Xinhui** (齊新會), aged 55, has served as an executive Director of the Company since October 2020 and re-designated as a non-executive Director of the Company in December 2024, and has served as the chairman of the Company since March 2024. Mr. Qi studied at the Technical College of Xinjiang Keketuohai Ore Processing Plant\* (新疆可可托海礦務局技工學校), majoring in galvanic pincette from September 1986 to July 1988, studied at Xinjiang Non-ferrous Metal Staff University\* (新疆有色金屬職工大學), majoring in mechatronics from August 1993 to July 1996, and studied at Xinjiang University\* (新疆大學) with a Bachelor's degree, majoring in electrical automation from September 2005 to July 2008. Mr. Qi has accumulated over 32 years of experience in the relevant expertise and corporate management related to the non-ferrous metals industry in Xinjiang. From August 1996 to August 2005, Mr. Qi served as the section chief of smelting workshop, deputy chief of quality inspection department, deputy director of mechanical and electrical division of ore processing workshop, deputy section leader of mobile section, section leader of mobile section and assistant to the head of Kalatongke Copper-Nickel Mine\* (喀拉通克銅鎳礦). He was the deputy head of Kalatongke Copper-Nickel Mine\* (喀拉通克銅鎳礦) from September 2005 to February 2012, the deputy general manager of Kalatongke Mining from March 2012 to August 2013, the deputy general manager and the secretary to the Party Committee of Kalatongke Mining from September 2013 to March 2015, and the general manager and the secretary to the Party Committee of Xinjiang Yakesi from April 2015 to September 2017. Mr. Qi served as the deputy general manager of the Company from October 2017 to November 2019, the secretary to the Party Committee and deputy general manager of the Company from December 2019 to December 2020, the deputy secretary to the Party Committee of the Company from January 2021 to June 2023, the general manager of the Company from January 2021 to January 2024, and the secretary to the Party Committee of the Company from July 2023 to January 2024. Mr. Qi has also served as the deputy general manager of Xinjiang Non-ferrous since December 2023.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Zhou Chuanyou** (周傳有), aged 60, was re-appointed as a non-executive Director and the vice-chairman of the Company in October 2017. Mr. Zhou served as a non-executive Director and the vice-chairman of the Company from September 2005 to February 2015, and a non-executive Director of the Company from March 2015 to October 2017. Mr. Zhou completed a postgraduate course in law at Fudan University (復旦大學) and obtained a Master's degree in July 1987. Since September 1995, Mr. Zhou has served as the chairman of the board of Shanghai Jinying Investment Company Ltd.\* (上海金鷹投資有限公司), which is the predecessor of Zhongjin Investment, and is now the chairman of the board of Zhongjin Investment in which he is the beneficial owner of 100% equity interests. He has served as a director of Shanghai Zhongjin Real Estate (Group) Co., Ltd.\* (上海中金房產(集團)有限公司) since February 1998 and a director of Shanghai Yilian since May 2005 and is currently the beneficial owner of 100% shareholding of Shanghai Yilian. Shanghai Yilian holds 12.80% shareholding of the Company and Zhongjin Investment holds 8.96% shareholding of the Company. The interest attributable to Mr. Zhou in the Company represents his indirect deemed interest in the Company's issued share capital via his equity interests held in the Company through Shanghai Yilian and Zhongjin Investment. Mr. Zhou has served as deputy chairman of the Board of Dazhong Insurance Co., Ltd. of China (大眾保險股份有限公司) from September 1998 to December 2009. Mr. Zhou is the brother-in-law of Mr. Hu Chengye, another non-executive Director of the Company.

**Mr. Wang Lijian** (王立建), aged 51, has served as a non-executive Director of the Company since June 2022. Mr. Wang studied at Xinjiang Non-ferrous Metal Industry School\* (新疆有色金屬工業學校) from September 1989 to July 1991, majoring in thermal power; at China Youth University of Political Studies (中國青年政治學院) from September 1994 to July 1997, majoring in administrative management of diploma course; at China Central Radio and Television University\* (中央廣播電視大學) from March 2000 to January 2003, majoring in law of undergraduate course; at China University of Mining and Technology (中國礦業大學) from September 2005 to July 2007, majoring in economic management of postgraduate course; and at Dalian University of Technology (大連理工大學) from October 2016 to December 2016, majoring in public management. Mr. Wang is a senior political engineer, economist (human resource management), and has approximately 30 years working experience in professional techniques and corporate management, party affairs, labour union, human resources management and discipline inspection and supervision in respect of non-ferrous metals business in Xinjiang. From October 1991 to August 2005, he successively served as a benchworker, furnace worker, league officer and labour union officer of Fukang Refinery\* (阜康冶煉廠). From September 2005 to June 2009, he served as the business head of the general manager office of the Company. From July 2009 to November 2011, he successively served as the deputy secretary of the Party Committee, secretary of the Discipline Inspection Commission and chairman of the labour union of Xinjiang Yakesi Resources Co., Ltd.\* (新疆亞克斯資源開發股份有限公司). From December 2011 to March 2015, he served as the deputy secretary of the Dongjiang Party Committee and secretary of the Discipline Inspection Commission of the Company. From April 2015 to May 2019, he successively served as the deputy secretary of the Party Committee, secretary of the Discipline Inspection Commission and secretary of the Party Committee of Xinjiang Yakesi Resources Co., Ltd.. Since June 2019, he has served as the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Chen Yang** (陳陽), aged 42, has served as a non-executive Director of the Company since October 2023. Ms. Chen Yang studied at Northwest University of Political Science and Law, majoring in civil and commercial law from September 2000 to July 2004, at Macquarie University in Sydney, Australia, with a master's degree in international trade law from June 2005 to April 2007, and at the University of Chinese Academy of Sciences, with a doctorate degree in management science and engineering management from September 2018 to January 2023. Ms. Chen Yang was a trainee lawyer at Xinjiang Liheli Law Firm\* (新疆力和力律師事務所) from April 2007 to September 2008; she successively served as the deputy chief officer and chief officer of the Policies and Regulations Department of the SASAC of Xinjiang Uygur Autonomous Region from September 2008 to February 2016; from February 2016 to March 2017, she served as the deputy director of the Property Rights Management Office of the SASAC of Xinjiang Uygur Autonomous Region (during the period from March 2016 to March 2017, she seconded as a deputy researcher of the Property Rights Bureau of the SASAC of the State Council); from March 2017 to December 2018, she served as the deputy director of the Office of the First State-owned Key Enterprises Supervisory Committee of the Xinjiang SASAC; from December 2018 to June 2021, she served as the deputy director (presiding over the work) and a third-level investigator of the Secretariat of the Audit Committee of the Audit Office of Xinjiang Uygur Autonomous Region; from June 2021 to August 2023, she served as a deputy director (presiding over the work) of the Strategic Investment Development Department of Xinjiang Energy Co., Ltd.\* (新疆新能源(集團)有限責任公司); and she has been serving as the manager of the legal affairs department of Xinjiang Non-ferrous since August 2023.

**Mr. Hu Chengye** (胡承業), aged 60, has been a non-executive Director of the Company since October 2014. Mr. Hu studied at China Broadcasting and Television College (中國廣播電視大學) from July 1983 to September 1986, majoring in the finance and politics and obtained a college diploma. He completed upgrading courses from junior college student to university student with a major in accounting at Xiamen University and obtained a Bachelor's degree in September 2001. From November 1994 to August 1998, Mr. Hu served as a deputy director of Tianshan Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang (新疆烏魯木齊市地稅局天山區分局). From September 1998 to February 2002, he served as the director of Xinshi Sub-bureau of Urumqi Local Taxation Bureau of Xinjiang (新疆烏魯木齊市地稅局新市區分局). From March 2002 to February 2008, he served as deputy director of the Investigation Bureau of Local Taxation Department in the Xinjiang Uygur Autonomous Region. Mr. Hu served as executive deputy general manager, general manager and chairman (currently acting as the chairman) of Xinjiang Huizhong Yifu Investment Co., Ltd.\* (新疆匯中怡富投資有限公司) since March 2008. Mr. Hu served as the general manager of Shanghai Hengshi Mining Investment Co., Ltd.\* (上海恒石礦業投資股份有限公司) since February 2013 the vice-chairman of Xinjiang Baodi Mining Co., Ltd.\* (新疆寶地礦業股份有限公司) from December 2013 to August 2021, and an assistant president of Zhongjin Investment from February 2014 to May 2024. Mr. Hu is the brother-in-law of Mr. Zhou Chuanyou, another non-executive Director of the Company.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Hu Benyuan** (胡本源), aged 51, has been as an independent non-executive Director of the Company since October 2017. Mr. Hu studied at Xinjiang University of Finance & Economics from September 1991 to July 1995, majoring in accounting and obtained a Bachelor's degree. Mr. Hu studied at Shanghai University of Finance and Economics from September 2000 to January 2003, majoring in accounting and obtained a Master's degree. He studied at Shanghai University of Finance and Economics from February 2004 to January 2007, majoring in accounting and obtained a Doctoral degree. Mr. Hu has been teaching in Xinjiang University of Finance & Economics since 1995, served as the deputy dean of Institute of Accounting of Xinjiang University of Finance & Economics from January 2011 to February 2018, and served as the dean of Institute of Accounting of Xinjiang University of Finance & Economics from March 2018 to January 2020. He is currently serving as a professor and an instructor of doctorate students of Institute of Accounting of Xinjiang University of Finance & Economics and a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Hu has been serving as a director of Auditing Education Branch of China Audit Society since November 2011. Mr. Hu has served as independent director in various A Shares listed companies in PRC since 2009, and he served as an independent director of TBEA Co., Ltd. (Stock Code: 600089) from May 2012 to September 2018, as an independent director of Guanghai Energy Co., Ltd. (Stock Code: 600256) from December 2013 to December 2019 and as an independent director of International Industry Co., Ltd. (Stock Code: 000159) since August 2014. He has served as an independent director of Xinjiang Guannong Co., Ltd. (Stock Code: 600251) since December 2018, an independent director of Hejin Investment (Stock Code: 000633) since October 2022, and an independent director of Leon Technology (Stock Code: 300603) since February 2025.

**Mr. Huang Yong** (黃勇), aged 52, studied at Chang'an University (長安大學) from 1997 to 2001, majoring in traffic and civil engineering, and obtained a Bachelor's degree, studied at the Xinjiang Agricultural University (新疆農業大學) from 2004 to 2007, majoring in traffic engineering, and obtained a Master's degree, studied at the Chengdu University of Technology (成都理工大學) from 2007 to 2012, majoring in geotechnical engineering, and obtained a Doctoral degree, studied under the postdoctoral programme at the Chengdu University of Technology (成都理工大學) from 2013 to 2015, majoring in geological engineering, and obtained a postdoctoral certificate. He is currently a professor and doctoral supervisor at the Xinjiang University (新疆大學).

**Mr. Lee Tao Wai** (李道偉), aged 46, has been an independent non-executive Director of the Company since October 2020. Mr. Lee studied at the Chinese University of Hong Kong from 1997 to 2000, majoring in Business Administration (Professional Accountancy) and obtained a Bachelor's degree with Honours, the Hong Kong University of Science and Technology from 2006 to 2008, majoring in Investment Management and obtained a Master's degree, and the Chinese University of Hong Kong from 2013 to 2015, majoring in International Economic Law and obtained a Master's degree. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, and has 20 years' experience in auditing, accounting, company secretary services and financial management. Mr. Lee has served as the chief financial officer, independent non-executive directors and company secretary in several Hong Kong listed companies. Mr. Lee served as the company secretary of King Stone Energy Group Limited (金山能源集團有限公司) (Stock Code: 663) from 2010 to 2023. He is currently a company secretary of Zhong Hua International Holdings Limited (Stock Code: 1064).



# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## EMPLOYEES' REPRESENTATIVE SUPERVISORS

**Mr. Li Shouqiang** (李守強), aged 37, has served as the employees' representative supervisor of the Company since August 2023. Mr. Li studied mining engineering at the Anhui Vocational and Technical College from July 2006 to July 2009. From March 2011 to January 2014, he studied at Xinjiang University, majoring in mining engineering. Mr. Li successively worked for Kalatongke Mining Co., Ltd.\* (喀拉通克礦業) as a workshop fitter and dispatcher, a Safety Officer, process technician, deputy head of the processing room, head of the processing room, and deputy head of safety of Mine 1 of the Kalatongke Mine from November 2009 to December 2021, and during the period, he served in Ashele Mining Co., Ltd.\* (新疆阿舍勒礦業有限公司) as deputy director of the Safety and Environment Department and deputy director of the mining plant from November 2020 to June 2021. From January 2022 to February 2023, Mr. Li was the director of production technology for Kalatongke Mining Co., Ltd., and the director of Mine 1, Kalatongke Mine from March 2023 to October 2024. He has been the deputy chief engineer and director of the production technology department of Kalatongke Mining since November 2024, and held office as the chief engineer of Hexin Mining in February 2025.

**Mr. Huang Fakai** (黃發凱), aged 33, has served as the employees' representative supervisor of the Company since August 2023. Mr. Huang studied metal mining technology at the Lanzhou Resources & Environment Voc-Tech University from September 2011 to July 2014. Mr. Huang successively worked as a mining technician of the Huangshan Copper and Nickel Mine\* (黃山銅鎳礦), a mining technician in the production technology department, the deputy head of the Huangshan Copper and Nickel Mine and deputy manager of the production technology department at Xinjiang Yakesi from July 2014 to April 2023. From May 2023 to December 2024, Mr. Huang served as the general manager of the production technology department at Xinjiang Yakesi, and has been the director of the Huangshan Nickel-Copper Mine since December 2024.

## SHAREHOLDERS' REPRESENTATIVE SUPERVISOR

**Ms. Chen Rong** (陳蓉), aged 54, has been a shareholders' representative supervisor of the Company since October 2023. Ms. Chen graduated from Xinjiang University of Finance and Economics (新疆財經大學) in December 1991, majoring in accounting, and graduated from Shihezi University in June 2017, majoring in civil engineering. Ms. Chen holds the qualifications of Intermediate Accountant, Certified Internal Auditor (CIA), Certified Risk Management Assurance (CRMA) and Certified Information Systems Auditor (CISA). Ms. Chen joined Zijin Mining Group Co., Ltd.\* (紫金礦業集團股份有限公司) (Stock Code: 2899) since March 2011, where she successively worked as the deputy head and the head of the supervision and auditing department of Zijin Mining Northwest Company Limited\* (紫金礦業集團西北有限公司), an auditor of the audit department of the supervision and auditing department and deputy head and head of market supervision and auditing team of Zijin Mining Group, chairman of supervisory committee of Zijin Copper Co., Ltd.\* (紫金銅業有限公司), and has been serving as the chairman of the supervisory committee of Xinjiang Tianlong Mining Co., Ltd.\* (新疆天龍礦業股份有限公司) (a joint-stock enterprise of Zijin Mining Northwest Company Limited\*) since March 2023.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## INDEPENDENT SUPERVISORS

**Ms. Yao Wenying** (姚文英), aged 57, has been an independent supervisor of the Company since May 2015 and the Chairman of the Supervisory Committee since April 2021. From September 1986 to July 1990, Ms. Yao studied at Northeast Forestry University where she obtained her Bachelor's degree in Finance and Accounting. From December 2004 to December 2007, she studied at Xinjiang University of Finance and Economics and received her Master's degree in Management with a major in Accounting. Ms. Yao held a teaching post in the School of Business Administration of Urumqi Vocational University from October 1990 to August 2004. She served as Head of Accounting Simulation Teaching and Research Centre and Head of Department of Finance and Economics. She was a teaching staff member in the Department of Finance in Xinjiang College of Finance and Economics (the predecessor of Xinjiang University of Finance and Economics) from September 2004 to August 2007. She has been teaching in the School of Accounting of Xinjiang University of Finance and Economics since September 2007. She was promoted to be Professor of Accounting in December 2010 and retired in October 2022. She has been serving as independent director of Xinjiang China Enterprise Hong Bang Conservation (Group) Co., Ltd.\* (新疆中企宏邦節水(集團)股份有限公司) from July 2012 to May 2018, as independent director of Xinjiang Xingwo Mechanical Technology Service Co., Ltd.\* (新疆星沃機械技術服務股份有限公司) from November 2012 to June 2018, and as independent director of Xinjiang Xuefeng Sci-Tech (Group) Co., Ltd (Stock Code: 603227) from January 2015 to June 2022. From February 2019 to February 2025, she served as an independent director of Leon Technology Co., Ltd (Stock code: 300603). From August 2019 to July 2020, she served as an independent director of Xinjiang Shengtian Investment Co., Ltd.\* (新疆盛天投資發展有限公司), and she has been an independent director of Xinjiang Lixin Energy Co., Ltd. (新疆立新能源股份有限公司) (stock code: 001258) since November 2020, an independent director of Xinjiang Jiuzhou Hengchang Supply Logistics Co., Ltd.\* (新疆九洲恒昌物流股份有限公司) since September 2022, an independent director of Xinjiang Zhongtai Chemical Company Limited\* (新疆中泰化學股份有限公司) (stock code: 002092) since December 2022 and an independent director of Xinjiang Architectural Design Institute Co., Ltd\*(新疆建築設計研究院股份有限公司) since November 2023.

**Ms. Lin Su** (林素), aged 61, has extensive knowledge and management experience in financial accounting. Ms. Lin studied at the Shaanxi Normal University (陝西師範大學) from September 1980 to July 1984, studied at the Xinjiang University of Finance and Economics (新疆財經大學) from July 2005 to December 2007, majoring in accounting, and obtained a Master's degree in management. Ms. Lin taught at the Yining No.3 Middle School\* (伊寧市第三中學) from August 1984 to July 1989, and at the Economic Department of Urumqi Vocational University\* (烏魯木齊職業大學) from August 1989 to August 2003, where she served as the deputy director and director of the Economic Department. From September 2003 to January 2019, Ms. Lin taught at the Finance Department and Faculty of Accounting at the Xinjiang University of Finance and Economics, where she also served as the director of the Financial Management Teaching and Research Office and an associate professor. Ms. Lin has previously served as an independent director of Xinjiang ZhongqiHongbang Water-saving (Group) Co., Ltd\* (新疆中企宏邦節水(集團)股份有限公司) and Xinjiang Dekun Industrial (Group) Co., Ltd\* (新疆德坤實業集團有限公司). She has been an independent director of Western Region Tourism Development Co., Ltd. (西域旅遊開發股份有限公司) (stock code: 300859) since the end of December 2024.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## OTHER SENIOR MANAGEMENT

**Mr. He Hongfeng** (何洪峰), aged 54, has served as the chief financial officer of the Company since September 2005. Mr. He studied at Xinjiang University of Finance and Economics from September 1988 to July 1992 with a Bachelor's degree, majoring in accounting. He completed a postgraduate course in Business Administration at Xinjiang University of Finance and Economics with a Master's degree in June 2009. Mr. He is a certified accountant, certified valuer and certified tax consultant in the PRC. From July 1992 to August 2005, he worked for Zhongjin Investment. He joined the Company since September 2005.

**Mr. Wu Ning** (武寧), aged 39, has been the joint company secretary of the Company since December 2023. Mr. Wu studied at Henan University of Technology from September 2005 to July 2009, and graduated with a bachelor degree, majoring in environmental engineering. From September 2014 to July 2017, he studied at Xinjiang University of Finance & Economics and graduated with a master degree, majoring in economics. From August 2017 to September 2023, he worked as a project manager for Shenwan Hongyuan Securities\* and its subsidiary, Shenwan Hongyuan Securities (Western) Co., Ltd\*. From October 2021 to October 2023, Mr. Wu held office as a deputy director under the Property Rights Management Office of Xinjiang State-owned Assets Supervision and Administration Commission.

**Mr. Lam Siu Wing** (林兆榮), aged 65, has been the joint company secretary and qualified accountant of the Company since October 2023. Mr. Lam graduated from Macquarie University in Australia with a bachelor degree of economics major in accounting in March 1985. In October 1989, he graduated from The University of New South Wales in Australia with a master degree of Commerce major in Finance. He is a fellow member of both Hong Kong Institute of Certified Public Accountants (HKICPA) and Chartered Accountants Australia and New Zealand (CAANZ, formerly known as the Institute of Chartered Accountants of Australia (ICAA)). Mr. Lam has extensive experience in accounting, and business consulting. From 2004 to 2020, Mr. Lam was a partner of both PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in Hong Kong (collectively "PricewaterhouseCoopers"). He has served as (i) an independent non-executive director of Greatpower Nickel And Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司) (unlisted) since June 2022, (ii) an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), whose shares are listed on the Stock Exchange (stock code: 01349), since May 2023; (iii) an independent non-executive director of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司), whose shares are listed on the Stock Exchange (stock code: 02170), since July 2023; (iv) an independent non-executive director of Xi'an Kingfar Property Services Co., Ltd. (西安經發物業股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01354), since May 2024; and (v) an independent non-executive director of Bluestar Adisseo Company (藍星安迪蘇股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600299), since September 2024.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain relatively high standards of corporate governance that are best suited to the needs and interests of the Group, as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has fully complied with all the code provisions under the CG Code during the period from 1 January 2024 to 31 December 2024.

## THE BOARD OF DIRECTORS

### Functions and Duties of the Board

The Board is responsible for the overall leadership and governance of the Company, and is collectively responsible for directing and supervising the affairs of the Company.

The Board has established the Group's purpose, values and strategy as per CG Code provision A.1.1, and ensures that the Group's culture is aligned with them. The Board upholds the principles of fairness, trustworthiness and leading by example, promotes the implementation of the Group's culture, which incorporates the relevant requirements of the CG Code as mentioned above, and continuously conveys to all employees of the Group the values of compliance with the law, social ethics and due diligence in discharging their duties and responsibilities. The Group has implemented anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations.

Duties of the Board include deciding on the Company's business plan and investment scheme, formulating the Company's profit distribution and loss recovery plan, formulating the Company's capital expenditure budget, and implementing resolutions as approved by general meetings. The functions of the management are to execute the business plan and investment plan as approved by the Board and to report thereto.

Since 16 March 2012, the Board revised the Company's corporate governance policy to include the terms of reference of the Board in relation to the corporate governance functions as follows:

- (a) to develop and review the Company's policies and practices on corporate governance and report to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Appropriate Directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

# CORPORATE GOVERNANCE REPORT

## Board Composition

On 14 October 2023, the Board has formed the seventh session, and currently comprises nine Directors, one of whom is an executive Director, five of whom are non-executive Directors and three of whom are independent non-executive Directors. Two of our non-executive Directors, namely Mr. Zhou Chuanyou and Mr. Hu Chengye, are brothers-in-law. Save as disclosed herein, there is no financial, business, family or any other relevant relationships among any members of the Board.

There is a strong independent element on the Board, ensuring the independence and objectivity of the Board's decision-making process as well as the thoroughness and impartiality of the Board's oversight of the Management. The Board possesses, both as individual Directors and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity, to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the material business activities that the Company pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from a variety of different backgrounds, have a diverse range of business and mining expertise. Brief biographical particulars of the Directors are set out in pages 20 to 26 of this Annual Report.

As at the date of this Annual Report, an analysis of the members of the Board and its composition is as follows:

Executive Director:	Mr. Chen Yin (Since 31 May 2024)
Non-executive Directors:	Mr. Qi Xinhui (Chairman) (Re-designated as a non-executive Director on 20 December 2024), Mr. Zhou Chuanyou, Mr. Wang Lijian, Ms. Chen Yang and Mr. Hu Chengye
Independent non-executive Directors:	Mr. Hu Benyuan, Mr. Huang Yong (Since 31 May 2024) and Mr. Lee Tao Wai
Gender:	Male (8); Female (1)
Designation:	ED (1); NED (5); INED (3)
Geographic:	PRC (8); HKSAR (1)
Age:	30-39 (1); 40-49 (2); 50-59 (4); 60-69 (2)
Background:	Mining (3); Geology (1); Business (2); Law (1); Accounting Professionals (2)

The Company received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be in compliance with the independence guidelines as set out in Rule 3.13 of the Listing Rules and considers them to be independent according to the provisions of the guidelines.

Mr. Chen Yin, an executive Director, and Mr. Huang Yong, an independent non-executive Director, who were appointed during the Year, had obtained the legal advice referred to in rule 3.09D of the Listing Rules in May 2024. Mr. Chen Yin and Mr. Huang Yong confirmed that they understood their obligations as directors of a listed issuer.



# CORPORATE GOVERNANCE REPORT

Pursuant to the Articles of Association, all of the Directors (including executive, non-executive and independent non-executive Directors) are appointed for a term of three years commencing on the date of their respective appointment or re-appointment and their re-appointment are to be approved in general meetings.

## Chairman and Chief Executive Officer

During the present session (the seventh session) of the Board, Mr. Qi Xinhui, a Director, has served as the Chairman (the Chairman of the Board) since 27 March 2024. Mr. Guo Quan, a non-executive Director has resigned as the Chairman on the same date. Mr. Chen Yin has served as the general manager (Chief Executive Officer) of the Company since 29 February 2024. Mr. Qi Xinhui resigned as the general manager (Chief Executive Officer) of the Company on 5 January 2024. The respective responsibilities of the Chairman and the general manager of the Company are provided in the Articles of Association, respectively, and duly separated. For details of the responsibilities of the Chairman and the general manager of the Company, please refer to the Articles of Association uploaded to the websites of the Company and the Stock Exchange.

## The Board and Management

The Board is responsible for the approval and monitoring of the Company's overall developmental strategies, annual business plans and investment plans relating to the Company's business development, evaluating the performance of the Company, supervising the management, and ensuring that Board acts in the best interest of the Company.

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to (1) the standing Board committees of the Company namely: the Audit Committee, the Nomination Committee, the Remuneration and Review Committee and the Strategy and Sustainable Development (ESG) Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board; (2) the general manager, being delegated with authorities to manage the daily business of the Group, is accountable to the Board; and (3) the senior management team of the Group, being delegated with the authorities to deal with daily operational functions, is accountable to the Board.

The Board makes decisions on specific issues whereas the management is delegated with authorities to manage and administer the day-to-day affairs of the Company. The Board regularly reviews the extent of the delegated authority to ensure its appropriateness in view of the Company's prevailing circumstances and that appropriate reporting and approval systems are in place.

## Board Meetings

The Chairman leads the Board and ensures the Board operates effectively to perform its responsibilities, and to timely discuss key and appropriate issues of the Company. The Chairman is primarily responsible for drawing up and approving of the agenda of each Board meeting, and to include any matters, if appropriate, as proposed by other Directors into the Board meeting agenda. The Chairman has already appointed the secretary to the Board for drafting and circulating agenda for each meeting and relevant meeting materials and documents. With the assistance of the executive Directors and the company secretaries, the Chairman will ensure all Directors are properly briefed on issues arising at board meetings and receive, in a timely manner, effective information, which must be accurate, clear, complete and reliable. Upon reasonable request by any Director, the Board can resolve under proper situation to provide separate independent professional advice, at the Company's expenses, to Directors to assist them to perform their duties to the Company.

# CORPORATE GOVERNANCE REPORT

The Company has put in place mechanism to ensure independent views and input are available to the Board. This is achieved by giving directors access to external independent professional advice, as well as the attendance of independent non-executive Directors at all the meetings of the Board and its relevant committees held during the Year. The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

During the Year, the Chairman held one meeting with the independent non-executive Directors without the presence of other Directors.

During the year of 2024, five Board meetings and five general meetings (including two class meetings) were held, and the details of each of the Directors' attendance record of the meetings (none of the meetings were attended by an alternate director) are as follows:

Name of Directors	Number of meetings attended/ Number of meetings convened during the term of office	
	Board meeting	General meeting
<i>Executive Director</i>		
Chen Yin (陳寅) (Appointed on 31 May 2024)	3/3	4/4
<i>Non-executive Directors</i>		
Guo Quan (郭全) (Chairman) (Resigned as Chairman on 27 March 2024 and resigned as a non-executive Director on 31 May 2024)	1/2	0/1
Qi Xinhui (齊新會) (Chairman) (Appointed as Chairman on 27 March 2024 and re-designated as a non-executive Director on 20 December 2024)	4/5	5/5
Zhou Chuanyou (周傳有)	5/5	2/5
Wang Lijian (王立建)	4/5	5/5
Chen Yang (陳陽)	4/5	5/5
Hu Chengye (胡承業)	3/5	5/5
<i>Independent non-executive Directors</i>		
Hu Benyuan (胡本源)	5/5	5/5
Wang Qingming (王慶明) (Resigned on 31 May 2024)	2/2	0/1
Huang Yong (黃勇) (Appointed on 31 May 2024)	3/3	4/4
Lee Tao Wai (李道偉)	5/5	5/5

The Company has adopted the CG Code and issued a notice fourteen days prior to the regular board meeting to ensure all Directors are given opportunities to include matters in the agenda for the meeting and sufficient time for the preparation of the meeting. All agenda has been sent to the Directors no less than three days prior to the meeting. All matters discussed and resolved during the meetings have been recorded and documented in the board minutes and kept by the secretary to the Board including any matters raised by the Directors and their concerns and opinion. Minutes of board meetings will be opened by the secretary to the Board for inspection at any reasonable time on reasonable notice by any director.

# CORPORATE GOVERNANCE REPORT

## Directors', Supervisors', Senior Management's and Key Personnel's Remunerations

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice of the Company. Directors' and Supervisors' remunerations including discretionary bonus are subject to the approval of Shareholders at general meetings, while senior management's remunerations including discretionary bonus are subject to approval of the Board.

The level of fees paid to non-executive Directors is determined by reference to factors including non-executive Directors' workload and commitments and fees paid by comparable institutions with similar scale and nature.

Regarding Executive Directors and Supervisors, the following factors (including but not limited to) are considered when determining their remuneration packages: (1) business needs, (2) general economic situation, (3) changes in human resources market, (4) individual contributions to results as confirmed in the performance appraisal process, and (5) retention consideration and individual potential.

No individual Director will be involved in decisions relating to his/her own remuneration.

Information relating to the remuneration of each Director, Supervisor and other senior management for the year ended 31 December 2024 is set out in note XII. 2. (5) to the Company's financial statements.

Each of the executive and non-executive Directors does not receive additional director's fee for their role as an executive or non-executive Director. They receive their remuneration (including salaries, bonuses and other benefits) for all their offices and services within the Group (if any) in accordance with the remuneration scale and payment procedures and with reference to the prevailing market rate and the expansion scale of the Company. Remuneration for independent non-executive Directors shall be determined on the basis of the assets size, economic efficiency and past and future business development of the Company, as well as the prevailing market level.

Each of the shareholders' representative supervisors and employees' representative supervisors does not receive any supervisors' fee for their role as the supervisor of the Company. They receive their remuneration (including salaries, bonuses and other benefits) for all their offices and services within the Group (if any) in accordance with the remuneration scale and payment procedures and with reference to the prevailing market rate and the expansion scale of the Company. Remuneration for Supervisors shall be determined on the basis of the assets size, economic efficiency and past and future business development of the Company, as well as the prevailing market level.

## Directors' Training and Board Committees

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. All Directors have been updated on the latest developments regarding the statutory and regulatory requirements and also the business and market changes to facilitate the performance of their responsibilities and obligations under the Listing Rules and relevant statutory requirements, and enhance their awareness of good corporate governance practices.

All Directors have participated in continuous professional development to develop and refresh their knowledge and skill to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training, placing appropriate emphasis on the roles, functions and duties of its Directors. All Directors have provided to the Company a record of the training they received during the Year.

# CORPORATE GOVERNANCE REPORT

The Board currently has four committees, namely the Audit Committee, the Remuneration and Review Committee, Nomination Committee and Strategy and Sustainable Development (ESG) Committee. Members of these committees and the number of Committee meetings (none of the meetings were attended by an alternate director) and the types of trainings in which all Directors participated in during the Reporting Year are as follows:

	Audit Committee	Remuneration and Review Committee	Nomination Committee	Strategic and Sustainable Development (ESG) Committee	Type of Trainings
<i>Number of meetings</i>	3	3	3	1	
<i>Executive Director</i>					
Chen Yin ( <i>Appointed on 31 May 2024</i> )				–✓	A, B, C
<i>Non-Executive Directors</i>					
Zhou Chuanyou		3/3✓		1/1✓	A, B, C
Guo Quan ( <i>Resigned on 31 May 2024</i> )		1/2✓	1/2◇	0/1◇	A, B, C
Qi Xinhui ( <i>Re-designated as a non-executive Director on 20 December 2024</i> )		1/1✓	1/1◇	0/1◇	A, B, C
Wang Lijian				1/1✓	A, B, C
Chen Yang					
Hu Chengye	2/3✓				A, B, C
<i>Independent Non-Executive Directors</i>					
Hu Benyuan	3/3◇	3/3◇	3/3✓		A, B
Wang Qingming ( <i>Resigned on 31 May 2024</i> )		2/2✓		1/1✓	A, B
Huang Yong ( <i>Appointed on 31 May 2024</i> )		1/1✓		–✓	A, B
Lee Tao Wai	3/3✓	3/3✓	3/3✓		A, B

✓: Committee members

◇: Committee Chairman

A: attending seminars, conferences and/or expert briefings relevant to the business or directors' duties

B: reading newspapers, journals and updates relating to the economy, general business or regulatory information

C: paying visits to the Group's local management and facilities

Terms of references of the Company's Audit Committee, Remuneration and Review Committee, Nomination Committee and Sustainable Development (ESG) Committee has been posted on the websites of the Company and the Stock Exchange.

# CORPORATE GOVERNANCE REPORT

## ROLE AND FUNCTION OF BOARD COMMITTEES

### Nomination Committee and Director Nomination

The Nomination Committee was established on 16 March 2012 by the Board with specific terms of reference in accordance with CG Code. On 30 August 2013, the terms of reference of the Nomination Committee were revised in accordance with the amendments in the CG Code and approved by resolution of the Board and were posted to the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee are, among other things, to: (a) review the structure, size and composition (including but not limited to the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of the Independent Non-executive Directors; (d) make recommendations to the Board on the appointment or re- appointment of Directors and succession planning for Directors; (e) and review the Board Diversity Policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

In 2024, the Nomination Committee convened three meetings with an average attendance rate of approximately 89% for each of the three meetings. Each of the committee members and their attendance record of the meetings are set out in page 32 of this Annual Report. The summary of work performed by the Nomination Committee during the Year was: reviewed the structure, size and composition (including but not limited to the skills, knowledge and experience) of the Board and made recommendations on proposed changes to the Board to complement the Company's corporate strategy; nominated and recommended candidates to the Board; and assessed the independence of each of the Independent Non-executive Directors of the Company.

In reviewing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Diversity Policy, which is reproduced as follows:

### Diversity Policy

#### (i) Vision

The Company recognizes and embraces the benefits of having a diverse Board to enhance its performance. The Company sees increasing diversity, including gender diversity, at the Board level as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

#### (ii) Policy Statement

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industrial experience.



# CORPORATE GOVERNANCE REPORT

## (iii) Measurable Objectives

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity. The Nomination Committee will make recommendations in relation to the aforesaid to the Board for adoption and consideration. In particular, the Nomination Committee will identify, and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, their skills will prepare them for board positions.

## (iv) Monitoring and Reporting

The Nomination Committee will monitor the implementation of the Diversity Policy. The Nomination Committee will report annually a summary of the Diversity Policy, the measurable objectives and relevant programs that the Board has adopted for the implementation of the Diversity Policy, the progress made towards achieving these objectives, how and when gender diversity will be achieved in respect of the Board, the numerical targets and timelines set for achieving gender diversity on the Board and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity in the corporate governance report contained in the Company's Annual Report.

## (v) Review of the Diversity Policy

The Nomination Committee will review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee reviewed the structure, size, and diversity of the Board, to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

As at 31 December 2024, there is 1 female director in the Board. The proportion of female members of the Board will be gradually increased in accordance with the specific circumstances thereafter. Among the 1,770 employees (including senior management) of the Group, the percentages of male employees and female employees are approximately 81.07% and 18.93%, respectively. Given that the Group's mining operation requires significant labour force, the Board considers that such percentages were more challenging or less relevant to achieve gender diversity across the workforce. Nonetheless, the Board will endeavour to improve the balance of the Group's workforce (including senior management) in terms of gender.

# CORPORATE GOVERNANCE REPORT

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the Company's development strategy and achieve the Board's diversity objectives, where appropriate, before making recommendations to the Board. Where a retiring Director, being eligible, offers himself or herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the relevant information on retiring Directors will be sent to the Shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Articles of Association and the Listing Rules.

During the Year, the Nomination Committee adopted the nomination procedures and selective parameters as follows:

## **Nomination Procedures:**

### **(i) Identification of candidates**

The Nomination Committee has been authorized to identify potential candidates for appointment to the Board through different means and channels, including recommendations from Members, referrals from external search firms, and any other means or channels that it deems appropriate.

### **(ii) Request for candidate's information**

Once a candidate has been identified, the Nomination Committee will request the candidate to provide his/her biographical information and other information deemed necessary, including but not limited to (a) information on his/her interests in the securities of the Company (if any); (b) his/her consent to act as a board member and disclosure of information relating to his/her proposed appointment; and (c) for an Independent Non-executive Director candidate, his/her declaration of independence in accordance with the criteria under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

### **(iii) Review by the Nomination Committee**

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then submit its nomination proposal to the Board for consideration and approval.

## **Selective Parameters:**

- (i) the strategy of the Company;
- (ii) the structure, size, composition and needs of the Board and its respective Board Committees at the time, taking into account succession planning, where appropriate;
- (iii) the required skills, which should be complementary to those of the existing board members;
- (iv) the Diversity Policy of the Company as adopted/amended by the Board from time to time;
- (v) any information obtained through third party references or background checks;

# CORPORATE GOVERNANCE REPORT

- (vi) any other factors that may be used as reference in assessing the suitability of a proposed candidate, including but not limited to the candidate's reputation for integrity, accomplishments and likely commitment in terms of time and interest;
- (vii) if a proposed candidate will be holding his/her seventh (or more) listed company directorship, the candidate's ability to devote sufficient time to the Board; and
- (viii) the independence of a candidate proposed to be appointed as an Independent Non-executive Director.

## Remuneration and Review Committee

The Remuneration and Review Committee was established by the Board on 25 November 2006 with specified terms of reference adopted on 19 January 2007. On 16 March 2012, the terms of reference of the Remuneration and Review Committee were revised in accordance with the amendments in the CG Code and approved by resolution of the Board and were posted to the websites of the Company and the Stock Exchange.

The roles and functions of the Remuneration and Review Committee are, among other things, to:

- (a) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (d) make recommendations to the Board on the remuneration of non-executive Directors; and
- (e) make performance appraisal including assessing performance of all Directors and senior management and to monitor the execution of the Company's remuneration system.

In 2024, three meetings of the Remuneration and Review Committee were held with an average attendance rate of approximately 93.33% for each of the three meetings. Each of the committee members and their attendance record of the meetings are set out in page 32 of this Annual Report. Summary of work during the Year by the Remuneration and Review Committee included:

- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

# CORPORATE GOVERNANCE REPORT

- researched the review standards for the Directors' and senior management's remuneration, and made recommendation according to the assessment of the Company's operational situation;
- researched and reviewed the policies and plans for the Directors' and senior management's remuneration and made performance appraisals including assessing performance of all Directors and senior management;
- approved the terms of executive directors' service contracts.

## Audit Committee

On 19 January 2007, the Board resolved and established the Audit Committee with specific terms of reference. The Board believes that members of the Audit Committee have sufficient knowledge and expertise in laws, accounting and financial management to enable them to perform their duties.

On 16 March 2012, the terms of reference of the Audit Committee have been revised in accordance with the amendments in the CG Code and approved by resolution of the Board, and were posted to the websites of the Company and the Stock Exchange.

The roles and functions of the Audit Committee are, among other things, to:

- (a) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;
- (b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) monitor integrity of the Company's financial statements and annual report and accounts and interim report, and to review significant financial reporting judgements contained in them and to provide advice and comments thereon to the Board;
- (d) review the Company's financial controls, internal control and risk management systems;
- (e) consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and to report to the Board these findings; and
- (f) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

In 2024, three meetings of the Audit Committee were held with an average attendance rate of approximately 89% for each of the three meetings. Each of the committee members and their attendance record of the meetings are set out in page 32 of this Annual Report. Summary of work during the Year by the Audit Committee included:

- reviewed the annual report and results announcement of the Company for the year ended 31 December 2023, with a recommendation to the Board for approval;
- reviewed the external auditors' independence and their report, with recommendations to the Board for the re-appointment of the external auditor by the shareholders of the Company at its 2023 annual general meeting;

# CORPORATE GOVERNANCE REPORT

- reviewed continuing connected transactions;
- reviewed the interim report and interim results announcement of the Company for six months ended 30 June 2024, with a recommendation to the Board for approval;
- considered the audit and non-audit services provided by the external auditors;
- reviewed the effectiveness of the system of internal control and risk management and the internal audit function of the Company and its subsidiaries;
- reviewed periodic reports prepared by the Internal Audit Department;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and the relevant budget;
- reviewed the audit fees payable to the external auditors for the year ended 31 December 2024, with a recommendation to the Board for approval.

## Strategy and Sustainable Development (ESG) Committee

On 19 January 2007, the Board resolved and established the Strategic Development Committee with specific terms of reference. On 25 February 2022, the Strategic Development Committee was renamed as the Strategy and Sustainable Development (ESG) Committee (the "ESG Committee").

The duties of the ESG Committee were to review and evaluate the strategic development solution, business development plan and investment budget of the Company and have been broadened to include ESG-related work. The ESG Committee's members perform their duties in accordance with the committee's terms of reference. Each of the committee members and their attendance record of the meetings are set out in page 32 of this Annual Report.

A working group is established under the ESG Committee, which is mainly responsible for collection and research of the Committee's work information, implementation of relevant resolutions of the ESG Committee, preparation and coordination of the ESG Committee's meetings, as well as the implementation of ESG-related working arrangements and resolutions of the ESG Committee, formulation of the specific implementation plans of the Company's ESG key performance indicators, compilation of the Company's ESG Report, and coordination and facilitation of the ESG-related work of different departments and subsidiaries. Chen Yin, the general manager of the Company, succeeded Mr. Qi Xinhui as the head of the working group on 27 March 2024, and the members comprises the deputy general manager, the chief financial officer, the secretary to the Board, and the heads of each department of the Company's headquarters.

The terms of reference of the ESG Committee have been published on the websites of the Stock Exchange and the Company. The "Environmental, Social and Governance Report" for the year 2024 of the Group was prepared by the ESG working group and reviewed and approved by the ESG Committee.



# CORPORATE GOVERNANCE REPORT

## SUPERVISORY COMMITTEE

The Company's Supervisory Committee was established in 2005 pursuant to the Company's Articles of Association and has formed the seventh session on 13 October 2023, still comprising five supervisors, one of which was elected by the shareholders as shareholders' representative supervisor, two of which were elected by the employees as the employees' representative supervisors and the remaining two were appointed in the shareholders' meeting as the independent supervisors. Ms. Yao Wenying was the Chairman of the seventh session of the Supervisory Committee. Supervisors serve for a term of three years and are subject to re-election. Ms. Lin Su replaced Mr. Meng Guojun as an independent supervisor of the seventh session of the Supervisory Committee of the Company in May 2024.

The Supervisory Committee is responsible for exercising supervision over the Board, its members and the senior management; and preventing them from abusing their authorities and jeopardizing the interests of the shareholders, the Company and its employees. Four meetings were held by the Supervisory Committee in 2024, and the attendance rate was 100% for each of the four meetings. During the meetings, the Supervisory Committee reviewed the financial conditions and operations of the Company and the due diligence of the senior management. The Supervisory Committee's members perform their duties in accordance with the Company's Articles of Association.

## COMPANY SECRETARIES

For the year ended 31 December 2024, the two joint company secretaries of the Company, Messrs Lam Siu Wing and Wu Ning, had received relevant professional trainings of not less than 15 hours to update their skills and knowledge.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers ("Model Code") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the supervisors of the Company (the "Supervisors"). Having made specific enquiries of all Directors and Supervisors, all Directors and Supervisors have complied with the required standards as set out in the Model Code for the year ended 31 December 2024.

## SHARE INTEREST OF SENIOR MANAGEMENT

As at 31 December 2024, none of the senior management of the Company held any share interests in the Company.

## RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems of the Group have been designed to safeguard the interest of the Company and its Shareholders as a whole, by safeguarding the assets of the Group, maintaining proper accounting records, executing with appropriate authority and complying with the relevant laws and regulations. The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. Executive Directors and senior management of the Company are conferred with relevant authority to implement the policies relevant to the respective risk management and operational internal control systems and the on-going assessment of the control activities in the relevant business units.

# CORPORATE GOVERNANCE REPORT

During the Year, the Board has carried out two reviews of the implemented risk management and internal control systems, policies and procedures, in respect of the year ended 31 December 2023 and six months ended 30 June 2024, including areas covering defining management structure and its relevant authorities, confirming the adoption of appropriate Accounting Standards, providing reliable financial information for internal use and announcements and confirming the compliance of relevant laws and regulations as well as supervision of finance, operation and law compliance and risk management functions. The risk management and internal control systems are implemented to minimize the risk to which the Group is exposed and used as a management tool for the day-to-day operation of business. The systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatement or losses. The Board believes that the present risk management and internal control systems of the Group are effective and adequate to cover the current corporate operations.

The Group has established a risk management system policy. The system involves a self-assessment by senior management of the Company of a series of process starting from setting up the business objectives, identifying risk factors, assessing the likelihood of each risk factor, prioritizing risk factors, examining control activities, developing and managing appropriate measures to control the risks within acceptable levels. The Group has established an internal accounting control system. The budget management system and investment management system of the Group contain relevant control procedures formulated for evaluating and reviewing principal operational expenses and capital expenditure. Operational results are reported to the Board with financial analysis on a regular basis.

The Group has established a specific internal audit department and formulated risk management policy and internal control procedures to ensure the minimum risk exposure by the Group and the comprehensive, accurate and timely record of accounting and management information. Regular reviews are conducted to ensure the risk management system of the Group is in place and that the financial statements are prepared in accordance with the relevant accounting standards, accounting policies and applicable laws and regulations and cover operational effectiveness and risk management of the Group. Annual work plan of audit department is approved by the Supervisory Committee and Audit Committee of the Company.

The Group regularly held managerial meetings chaired by the General Manager. These meetings were attended by the Directors, the senior management, and the responsible members of all departments at the Company's headquarter. Discussions and decisions on the Group's operations and the implementation of investment projects and financial matters are conducted at the meetings. The management of the Company and the department heads at the branch level and headquarter will host regular managerial meetings to assist in the cooperation, communication and supervision of the commencement and execution of all operation projects.

During the Year, the Board reviewed the effectiveness of the risk management and internal control systems of the Group by assessing the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget, and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its risk management and accounting and financial reporting functions.

## AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

For the year ended 31 December 2024, audit fees and non-audit services charged by the auditor of the Company amounted to approximately RMB1.79 million and RMB0.

# CORPORATE GOVERNANCE REPORT

## PAYMENT OF DIVIDEND POLICY

According to the Company's Articles of Association, when distributing the after-tax profits of the current year, the Company shall allocate 10% of its profit to the Company's statutory common reserve fund. Where the accumulated statutory common reserve fund of the Company has reached more than 50% of the Company's registered capital, no allocation is required.

Where the Company's statutory common reserve fund is insufficient to make up the losses of the Company in the previous year, before allocating the profits to the statutory common reserve fund in accordance with the preceding paragraph, the Company shall first make up the losses by using the profits of the current year. After allocating the after-tax profits to the statutory common reserve fund, with the approval of the general meeting, the Company may allocate the after-tax profits to the discretionary common reserve fund.

The after-tax profits shall be distributed to shareholders in proportion based on their shareholding after making up the losses of the Company and allocating the profits to the statutory common reserve fund, unless otherwise provided by the Company's Articles of Association that distribution may be made without being based on the shareholding. If the Company does not have profits, it shall not distribute dividends.

## SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

As at 31 December 2024 and up to the date of this Annual Report, the Company issued 1,259,420,000 shares of domestic shares and 950,580,000 H shares, totalling 2,210,000,000 shares.

In 2024, the Company convened five general meetings. Save and except that the special resolution in relation to the proposed amendment to the Articles of Association was not approved at the 2024 H share class meeting, all proposed resolutions were approved with a passing rate of over 94%. The general meetings were chaired by the Chairman of the Board, who explained matters concerning the procedures for voting for shareholders' consideration and the shareholders considered and voted on each proposed resolution. The Directors and Supervisors were notified of and the majority of them attended the general meetings.

The rights and responsibilities of all shareholders are set out in the Company's Articles of Association which was uploaded to the websites of the Company and the Stock Exchange.

Two or more shareholders who hold more than 10% of the issued shares carrying voting right may by written request call for an extraordinary general meeting.

The Company will issue a notice in writing 45 days prior to the general meeting informing all shareholders on the shareholders' register, setting out the proposed matters to be resolved, dates and time of the general meeting. Shareholders wishing to attend the general meeting should send the reply letter to the Company 20 days prior to the general meeting.

Where the Company convenes a general meeting, shareholder(s) who individually or jointly hold(s) more than 3% of shares carrying voting rights may propose to the Board any resolutions in writing; the Board will if it considers appropriate, include the proposed resolutions into the agenda of the general meeting. If the board resolves not to include the proposed resolutions into the agenda, it shall be explained and clarified in the meeting; contents of the resolutions and the Board's explanation shall be set forth in an announcement after the relevant general meeting. Shareholders can make enquiries with the Board and put forward proposals for the general meetings through the Company Secretary via our email at [xjxxky3833@163.com](mailto:xjxxky3833@163.com) or [blam010@hotmail.com](mailto:blam010@hotmail.com), or by posing questions at our general meeting.

# CORPORATE GOVERNANCE REPORT

## INVESTORS' RELATIONS AND SHAREHOLDERS' COMMUNICATION POLICY

The Articles of the Association can be downloaded from the Company's website at [kunlun.wsfg.hk](http://kunlun.wsfg.hk) and the Stock Exchange's website.

Pursuant to Rule 2.07 of the Listing Rules under the expansion of paperless listing regime and mandatory electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications. The Company communicates with shareholders by issuing annual reports, interim reports, results announcements and other announcements. Relevant corporate communications will be listed on the Company's website at [kunlun.wsfg.hk](http://kunlun.wsfg.hk) and the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

Since 2007, the Company has engaged a professional public relations consultancy firm to organise various investor relations programs (including regular briefing meetings with analysts) aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses. It also aims at promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Secretariat Office and the Corporate Finance and Securities Department of the Board offer comprehensive services to the shareholders and answer their enquiries on a timely basis in order to enhance their understanding of the Company. They also maintain effective communications with the shareholders to ensure that the views of the shareholders will be communicated to the Board.

To ensure that general meetings of the Company provide a useful forum for Shareholders to exchange views with the Board, the Company provides the Shareholders with relevant information on the resolution(s) proposed at the meeting in a timely manner in accordance with the Listing Rules. In addition, the chairman of the Board or his delegates, other Board members, the chairmen of the Board committees, appropriate management executives and external auditors will attend general meetings to answer the Shareholders' questions. The Company will also monitor and review the process of its general meetings on a regular basis, and, if necessary, make changes to ensure that the Shareholders' needs are best served.

During the Year, the Board reviewed the implementation and effectiveness of the shareholders' communication policy and regarded that the policy was sustainably effective. The Board was of the view that the policy enables the Company to carry out effective two-way communication with its investors and Shareholders by way of regular meetings and timely updates of the Company's financial results and developments.

As at 31 December 2024, the total market capitalisation of the Company was approximately HK\$1,790 million, of which the market capitalisation of public floatation of H shares was approximately HK\$770 million.

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper precautions to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defining the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controlling the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle inquiries from external parties related to the market rumour and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

## FINANCIAL REPORTING

The Board was in strict compliance with the provisions as set out in the Listing Rules in relation to financial reporting and disclosure to carry out comprehensive evaluation and disclose the Company's performance, financial position and prospect for the year based on detailed and accurate financial information and other data submitted by the management for the Board's approval. The Directors also undertook the responsibility of preparing the Company's financial statements of the interim and annual reports of the year on a true and accurate basis. The statement of the independent auditor of the Company about their responsibilities on the financial statement is set out in the section headed "Independent Auditor's Report" in this Annual Report.

The Directors have not identified any material uncertainties relating to events or circumstances which may constitute a significant negative impact on the Group's ability to continue as a going concern.



# REPORT OF THE DIRECTORS

The Directors are pleased to present the 2024 Annual Report and the audited financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 (the “Year”).

## PRINCIPAL ACTIVITIES

The principal activities of the Group are the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. There were no significant changes in the nature of the Group’s principal activities during the Year.

## RESULTS

The Group’s results for the year ended 31 December 2024 and the state of financial affairs of the Company and the Group at that date are set out in the Financial Statements in pages 70 to 92.

## DIVIDEND

At the meeting of the Board held on 28 March 2024, the Board proposed that payment of final dividend of RMB0.05 per share for the Year is to be made by the Company, which is subject to the approval of the Company’s shareholders at the AGM.

For the distribution of dividends, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi (“RMB”), while dividends payable to the holders of H-shares of the Company (“H Shares”) will be declared in RMB but paid in Hong Kong dollars. The relevant exchange rate between Hong Kong dollars and RMB shall be the average exchange rate between RMB and Hong Kong Dollars as announced by the People’s Bank of China 5 business days preceding the date of approval by the AGM of the Company.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 35 of the Announcement of the State Administration of Taxation for 2019) (《國家稅務總局非居民納稅人享受協定待遇管理辦法》) (國家稅務總局公告2019年第35號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

# REPORT OF THE DIRECTORS

For non-resident enterprise holders of H Shares, i.e., any shareholders of the Company who hold the shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H Shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the holders of H Shares or any disputes over the withholding mechanism or arrangements.

## BUSINESS REVIEW

The business review of the Group for the Year has been set out in pages 7 to 12 of the Chairman's Statement, in pages 13 to 19 of the Management Discussion and Analysis and the 2024 Environmental, Social and Governance Report (the "ESG Report").

Fair review of business	Chairman's Statement
Principal risks and uncertainties	Management Discussion and Analysis
Events after the balance sheet date	Report of the Directors
Future development of the business of the Company	Chairman's Statement
Key performance indicators	Management Discussion and Analysis
Environmental policies and performance of the Company	ESG Report
Compliance of relevant laws and regulations	ESG Report
Principal relationships between the Company and employees, customers and suppliers	Report of the Directors

## SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

The Company had no significant assets acquisitions, or disposal, merger or equity investments during the Year.

## SUMMARY OF FINANCIAL INFORMATION

A summary of the operating results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 6 of this Annual Report. This summary does not form part of the audited financial statements.

## FIXED ASSETS

Details of movements in the fixed assets of the Group during the Year are set out in note V.12 to the Financial Statements. The details of investment property held by the Group are set out in note V.11 to the Financial Statements.

# REPORT OF THE DIRECTORS

## INTANGIBLE ASSETS

Details of movements in the intangible assets of the Group during the Year are set out in note V.15 to the Financial Statements.

## SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note V.39 to the Financial Statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

## PERMITTED INDEMNITY PROVISION

Appropriate Directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

## MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company existed or was entered into during the Year.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Year.

## RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated and Company's Statement of Changes in Shareholders' Equity, respectively.

## BANK LOANS AND BORROWINGS

As at 31 December 2024, the Group had bank loans and other interest-bearing borrowings with total amount of RMB763.7 million, of which unsecured loans and other interest-bearing borrowings amounted to RMB763.7 million.

## DISTRIBUTABLE RESERVES

According to the Articles of Association of the Company as revised in May 2023, the reserves available for distribution are based on the Company's profit as determined under the Chinese Accounting Standards ("CAS"). In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the allocation to the statutory surplus reserve. As at 31 December 2024, the Company's distributable reserve attributable to shareholders of the Company under CAS amounted to RMB345.8 million.

## CHARITABLE CONTRIBUTIONS

During the Year, the total charitable contributions made by the Group amounted to RMB167,000.

# REPORT OF THE DIRECTORS

## MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2024, the proportion of purchases and sales from major suppliers and major customers of the Company to the total purchases and sales, respectively, are as follows:

### Purchases

The total purchases from the largest supplier of the Company represent 8.9% of the total purchase value. The total purchases from the five largest suppliers of the Company represent 35.1% of the total purchase value.

### Sales

Name of the customer	Proportion in total sales	Sales relationship with the Company	Payment term	Accounts receivable as at 31 December 2024	Repayment subsequent to the balance sheet date
Xinjiang Wuxin Copper Industry Co., Ltd.	26.18%	2 years	Cash-on delivery	–	–
Trafigura Investment (China) Company Limited	21.80%	8 years	3 days	RMB64.8 million	RMB64.8 million
Mercuria (China) Metal Resources Co., Ltd.* (摩科瑞(中國)金屬資源有限公司)	12.02%	1 years	Cash-on delivery	RMB314.8 million	RMB314.8 million
China Chengtong Commodity Trading Company Limited	11.21%	18 year	3 days	RMB38.5 million	RMB38.5 million
Shaanxi Xinchenghua Industrial Co., Ltd.	5.11%	4 years	Advances before delivery	–	–
Top 5 customers	76.32%				

In 2024, the Company's largest nickel cathode customer was Trafigura Investment (China) Company Limited, accounting for 21.80% of the total sales of the Company. Incorporated in the PRC in December 2005, Trafigura Investment (China) Company is a wholly-owned subsidiary under Trafigura Beheer B. V. ("TBBV") with a registered capital of US\$70 million. Founded in 1993, TBBV is a private company registered in Holland. Now it is the third largest independent oil trading company and the second largest independent non-ferrous concentrate trading company in the world. The payment term granted to this customer is 3 days after the receipt of goods, from whom, accounts receivable as at 31 December 2024 was RMB64.8 million, of which RMB64.8 million has been collected as at the date of this Report of the Directors.

As nickel cathode and copper cathode products produced by domestic producers are not able to satisfy domestic demands, such under-supply in the PRC has to be fulfilled by substantial import. The Group is in a better position in the market by selecting customers with better payment terms, excellent background, good credibility and well-established marketing network. The Group makes settlement as per the settlement prices of the futures market of the Shanghai Futures Exchange and the Group generally sells its products at prices in line with the market prices. There are no long-term contracts between the Group and customers. If any customer fails to make any payments on time, the Group can change it anytime. Accordingly, there are no risk of reliance on single major customer nor significant customer credit risk in respect of the Group's sales.

During the Year, to the best of the Directors' knowledge, none of the Directors, supervisors or their respective associates or any Shareholders of the Company who holds more than 5% of the issued share capital of the Company had any interest in any of the five largest customers or five largest suppliers of the Group.

# REPORT OF THE DIRECTORS

## The Important Relationship between Employees, Customers and Suppliers

Mr. Qi Xinhui, a non-executive Director and the Chairman of the Company, is the deputy general manager of Xinjiang Non-ferrous. Mr. Wang Lijian, a non-executive Director of the Company, is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous. Ms. Chen Yang, a non-executive Director of the Company, is the manager of the legal affairs department of Xinjiang Non-ferrous. Mr. Chen Yin, an executive Director of the Company, is the deputy secretary of the Party Committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Mr. Zhou Chuanyou, a non-executive Director of the Company, is one of the beneficial owners of holders of domestic shares and H shares of the Company (for details please refer to the paragraph headed Directors and Supervisors of the Report of the Directors).

Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the "Xinjiang Non-ferrous Group") provides construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services and sold property to the Group; and the Group provides products such as nickel cathode, copper cathode, copper concentrate and sulphuric acid to the Xinjiang Non-ferrous Group (for details, please refer to the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors).

A wholly-owned subsidiary of Xinjiang Non-ferrous provides certain supporting services including educational, nursery, medical and healthcare services to part of the employees of the Group (for details, please refer to the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors).

Save as disclosed in the paragraph headed Related Party Transactions and Connected Transactions of this Report of the Directors, none of other employees, customers or suppliers of the Company has important relationship with the Company, nor has material impact on the Company nor is the key to the prosperity of the Company.

## MAJOR LITIGATION OR ARBITRATION

The Group does not have any major litigation or arbitration as at the date of this Report of the Directors.

## CONTINGENT LIABILITIES

Save as disclosed in notes XV.2 and XII. 2. (4) to the Financial Statements, the Group had no other significant contingent liabilities as at 31 December 2024.

## CAPITAL COMMITMENTS

Save as disclosed in note XV.1 to the Financial Statements, the Group had no significant capital commitments as at 31 December 2024.

## CAPITAL STRUCTURE

The capital structure and types of capital instruments of the Group as at 31 December 2024 are disclosed in note XI to the Financial Statements. The maturity profile of the Group's debts is disclosed in note IX.3 to the Financial Statements.

The interest rate structure of the Group's short-term borrowings is disclosed in note V.22 to the Financial Statements and the interest rate structure of its long-term borrowings is disclosed in note V.33 to the Financial Statements.

## EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed in note XVI to the Financial Statements, the Group does not have any events after the balance sheet date which need to be disclosed or adjusted.



# REPORT OF THE DIRECTORS

## DIRECTORS AND SUPERVISORS

As at the balance sheet date and the date of this Report of the Directors, the executive Director of the Company is Mr. Chen Yin; non-executive Directors are Messrs Qi Xinhui, Zhou Chuanyou, Wang Lijian, Ms. Chen Yang and Mr. Hu Chengye; and independent non-executive Directors are Messrs Hu Benyuan, Huang Yong and Lee Tao Wai.

During the Year, Mr. Guo Quan and Mr. Wang Qingming ceased to be Directors of the Company on 31 May 2024, and Mr. Meng Guojun ceased to be a Supervisor of the Company on 31 May 2024. Mr. Chen Yin was appointed as an executive Director and Mr. Huang Yong was appointed as an independent non-executive Director of the seventh session of the Board, and Ms. Lin Su was appointed as an independent supervisor of the seventh session of Supervisory Committee, with effect from 31 May 2024.

As at the balance sheet date and the date of this Report of the Directors, the Supervisors of the Company are Ms. Chen Rong, Mr. Li Shouqiang, Mr. Huang Fakai, Ms. Yao Wenying and Ms. Lin Su.

Biographical details of the Directors and Supervisors are set out on pages 20 to 26.

### Directors of Subsidiaries

As at the balance sheet date and the date of this Report of the Directors, the directors of subsidiaries of the Company are as follows:

1. The director of Xinjiang Kalatongke Mining Industry Company Limited is Mr. Liu Hong.
2. The directors of Xinjiang Yakesi Resources Co., Ltd. are Mr. Zhao Jingbo, Mr. Li Jiangping, Mr. Chen Bin, Mr. He Hongfeng, Mr. Liu Dongfeng.
3. The director of Hami Jubao Resources Co., Ltd. is Mr. Zhao Jingbo.
4. The director of Beijing Xinding Shunze High Technology Co., Ltd. is Mr. Miao Yongjun.
5. The directors of Xinjiang Zhongxin Mining Industry Co., Ltd. are Mr. Zhao Jingbo, Mr. Li Jiangping and Mr. He Hongfeng.
6. The directors of Shaanxi Xinxin Mining Co., Ltd. are Mr. Chen Yin, Mr. Liu Pu, Mr. He Hongfeng, Mr. Li Guofeng and Mr. Gao Xiaozhen.
7. The directors of Xinjiang Mengxi Mining Co., Ltd. are Mr. Dong Guoqing, Mr. Pan Yuzhong, Mr. He Yongsheng, Mr. Ren Hongwei and Mr. Zuli Haer.

### Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company from 14 October 2023 or the date of new appointment to the expiration of the term of the seventh session of the Board of Directors and of the Supervisors Committee of the Company.

Pursuant to the Articles of Association, the term for Directors and Supervisors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, there are no service contracts between the Company or its subsidiaries and any of the Directors or Supervisors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

# REPORT OF THE DIRECTORS

## Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and considers all the independent non-executive Directors to be independent.

## Directors’ and Supervisors’ Remunerations

Details of remunerations of Directors and Supervisors of the Company for the year ended 31 December 2024 are set out, on a named basis, in note XII. 2. (5) to the Financial Statements.

## Directors’ and Supervisors’ Interests in Contracts

No transaction, arrangement or contract of significance, to which the Company or its subsidiaries or any of its holding companies or fellow subsidiaries was a party and in which a Director or Supervisor or entity connected with any of them had either a direct or indirect material interest, subsisted as at the end of the Year or at any time during the Year.

## Directors’ and Supervisors’ Interests and Short Positions in Shares

### Share Appreciation Rights Incentive Scheme

At the extraordinary general meeting held on 29 October 2021, the Company adopted and approved a share appreciation rights incentive scheme (the “Share Appreciation Rights Incentive Scheme” or “SARIS”) to acknowledge the contributions of its senior management and key personnel. The SARIS is an arrangement providing for incentive for the management of the Company such that it attaches importance to the performance of the shares of the Company and its long-term development without the characteristics of shares. It is intended to align the senior management’s interests to those of the Company and its shareholders. It is intended that the operation of the SARIS will not involve any issue of new H shares of the Company, and the exercise of any share appreciation rights will not create a dilution effect on the Company’s shareholding structure.

The SARIS entitles persons who are granted such rights to receive cash payments when the Company’s share price rises above the exercise price granted in the share appreciation rights in a certain pre-determined period, subject to certain terms and conditions of the SARIS.

The share appreciation rights are not transferable, nor are there any voting rights attached to the share appreciation rights. The SARIS is not a scheme involving the grant of new shares or options over new shares of the Company nor is it funded by existing shares of the Company, and therefore will not fall within the ambit of, and will not be subject to, Chapter 17 of the Listing Rules.

The SARIS has taken effect since the date of approval at the extraordinary meeting held on 29 October 2021, with a validity period of ten years from its effective date.

According to the relevant provisions of the 2021 H Share Appreciation Rights Incentive Scheme (Draft) of the Company, in the event of capitalization issue, bonus issue, share subdivision, share consolidation, dividend distribution, rights issue or additional issue of new shares by the Company prior to any exercise, the exercise price of the share appreciation rights shall be adjusted.

## REPORT OF THE DIRECTORS

Given that the Company has paid to all shareholders of the Company a final dividend of RMB0.15 per share for the year 2022 and RMB0.05 per share for the year 2023 since the implementation of the Share Appreciation Rights Incentive Scheme (based on the average exchange rate of approximately HK\$0.17 and HK\$0.05, respectively, inclusive of tax, between RMB and HK\$ as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company). On 31 May 2024, as authorized by the general meeting and approved by the Board of the Company, the exercise price of the incentive scheme was adjusted from HK\$1.58 per share to HK\$1.36 per share. At the same time, some of the Grantees under the Share Appreciation Rights Incentive Scheme have ceased to be eligible Grantees under the incentive scheme due to job reassignments, resignations, etc. The number of Grantees under the incentive scheme has been adjusted from 150 to 118, and the number of effective equity interests has been adjusted from 63,500,000 to 43,985,000. As at 31 December 2024, the list of the Grantees and the number of effective equity interests are summarized as follows:

The recipients of the SARIS and their allocated number of SARIS as at 31 December 2024 are listed below:

Name/Category of Grantee	Number of Participant(s) involved	Total number of Share Appreciation Rights to be granted	Approximate proportion of	Approximate proportion of
			Share Appreciation Rights to	underlying shares under
			be granted to such Grantee(s)	the Share Appreciation
			to the total number of Share	Rights to be granted to such
			Appreciation Rights to be	Grantee(s) to the total issued
			granted pursuant to the plan	share capital of the Company
(in 10,000 shares)				
Mr. Yu Wenjiang	1	150	3.41%	0.07%
Mr. Dong Guoqing	1	120	2.73%	0.05%
Mr. 沙根别克•艾力木汗	1	120	2.73%	0.05%
Mr. Li Jiangping	1	120	2.73%	0.05%
Mr. He Hongfeng	1	128	2.91%	0.06%
Mr. Liu Dongfeng	1	90	2.05%	0.04%
Mr. Han Yubao	1	90	2.05%	0.04%
Mr. 木哈買提漢•木達汗	1	84	1.91%	0.04%
Mr. Wang Chunhai	1	84	1.91%	0.04%
Mr. Zhang Yufei	1	84	1.91%	0.04%
Mr. Liu Qingli	1	101.25	2.30%	0.05%
Mr. Zhao Jingbo	1	90	2.05%	0.04%
Mr. Chen Yin	1	101.25	2.30%	0.05%
Mr. Xiao Yuwu	1	90	2.05%	0.04%
Core Personnel (not more than 104 persons)		2,946	66.98%	1.33%
Total		4,398.5	100.00%	1.99%

# REPORT OF THE DIRECTORS

As at 31 December 2024, the interests or short positions, if any, of the Directors and Supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

## Long Positions in Shares and Underlying Shares of the Company by the Directors/ Supervisors as at 31 December 2024

Director/Supervisor	Nature of interest	Number of shares held	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share capital
Zhou Chuanyou	Interest of controlled corporation	345,924,000	Domestic share (Note 1)	27.47	15.65
		135,000,000	H share (Note 2)	14.20	6.11

Note 1: The domestic shares are held by Shanghai Yilian and Zhongjin Investment. The entire shareholding or equity interest of Shanghai Yilian and Zhongjin Investment are beneficially owned by Zhou Chuanyou.

Note 2: H shares are held by Zhongjin Investment.

Save as disclosed above, as at 31 December 2024, none of Directors and Supervisors and their respective associates had, any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be and are recorded in the register required to be kept by the Company or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate were granted to any Director or Supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, its subsidiaries or any of fellow subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this Report of the Directors, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules:

Mr. Guo Quan is the general manager of Xinjiang Non-ferrous. Mr. Qi Xinhui is the deputy general manager of Xinjiang Non-ferrous. Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous. Ms. Chen Yang is the manager of the legal affairs department of Xinjiang Non-ferrous, and Mr. Chen Yin is the deputy secretary of the Party Committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. Mr. Guo, Mr. Qi, Mr. Wang, Ms. Chen and Mr. Chen have abstained from voting on the resolutions in relation to the revised 2024 annual caps for the Company's products under the continuing connected transactions and the renewed continuing connected transactions and annual caps with Xinjiang Non-ferrous and its subsidiaries during the Year.

Xinjiang Non-ferrous is principally engaged in, among other things, investment in non-ferrous metal industry and sale of non-ferrous metal products. For details of the competition or potential competition between business of the Group and business of Xinjiang Non-ferrous, please refer to the section headed "Relationship with Xinjiang Non-ferrous" in the Company's Prospectus dated 27 September 2007.

In light of the Non-competition Agreement as set out in the section headed "Non-competition Agreement" below in this Report of the Directors and given the Board of Directors of the Company is independent from the board of directors of Xinjiang Non-ferrous and the above Directors do not control the Board of the Company, the Group is capable of carrying on its businesses independent from, and at arm's length from, the business of Xinjiang Non-ferrous.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

So far as was known to any Director or Supervisor, as at 31 December 2024, the persons or companies (other than a Director or Supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more than the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares (%)	Approximate percentage of the total share capital (%)
Xinjiang Non-ferrous ( <i>Note 1</i> )	885,204,000 (L)	Domestic share	70.29	40.06
Shanghai Yilian ( <i>Note 2</i> )	282,896,000 (L)	Domestic share	22.46	12.80
Zhongjin Investment ( <i>Note 2</i> )	63,028,000 (L)	Domestic share	5.00	2.85
	135,000,000(L)	H Share	14.20	6.11
Zijin Mining	59,444,000 (L)	H Share ( <i>Note 3</i> )	6.25	2.69
Zijin Mining ( <i>Xiamen</i> )	56,580,000 (L)	H Share	5.95	2.56

(L): Long positions

*Note 1:* Mr. Qi Xinhui, Mr. Wang Lijian and Ms. Chen Yang, each a non-executive Director, hold positions in Xinjiang Non-ferrous, and Mr. Chen Yin, an executive Director, is the deputy secretary of the Party Committee of the Company and was appointed by the Party Committee of Xinjiang Non-ferrous. For details, please refer to the section headed "Directors' and Supervisors' Interests in Competing Businesses" in this Report of the Directors.

*Note 2:* The entire shareholding or equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou. Mr. Zhou Chuanyou, a non-executive Director, is the chairman of the board of Zhongjin Investment.

*Note 3:* The H shares are held by Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司). The entire shareholding or equity interests of Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited are beneficially owned by Zijin Mining.

Save as disclosed above, as at 31 December 2024, none of the Directors were aware of any other person (other than a Director or Supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group in the ordinary and usual course of business during the Year are set out in note XII.2 to the Financial Statements.

Details of the related party transactions as disclosed in the Annual Report which also constituted continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules are disclosed as below:



# REPORT OF THE DIRECTORS

## Continuing Connected Transactions Not Exempt under the Listing Rules

### 1. Mutual Supply Agreement

On 29 October 2021, Xinjiang Non-ferrous and the Company entered into a renewed mutual supply agreement (the “Mutual Supply Agreement”) whereby both parties agreed that (A) Xinjiang Non-ferrous and its subsidiaries (collectively referred to as the “Xinjiang Non-ferrous Group”) will provide construction services, certain production supplies, storage, transportation and loading services and other supporting and ancillary services to the Group; and (B) the Group will provide products such as nickel cathode, copper cathode, copper concentrate and sulphuric acid to the Xinjiang Non-ferrous Group from 1 January 2022 to 31 December 2024.

For each of the three years ended 31 December 2022, 2023 and 2024, the annual caps of the aggregate fees payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services are approximately RMB405.42 million, RMB323.73 million and RMB244.55 million, respectively. For the year ended 31 December 2024, the actual total transaction amount paid/payable by the Group to Xinjiang Non-ferrous Group in respect of the construction services and supporting and ancillary services was approximately RMB113.40 million.

For each of the two years ended 31 December 2022 and 2023, the annual caps of the aggregate fees payable by Xinjiang Non-ferrous Group to the Group in respect of product fees are approximately RMB176.23 million and RMB201.44 million, respectively. As approved at the extraordinary general meeting held on 31 May 2024, the Revised 2024 Company’s Products Annual Cap was RMB797.74 million. For the year ended 31 December 2024, the actual total transaction amount paid/payable by Xinjiang Non-ferrous Group to the Group in respect of product fees was approximately RMB631.00 million.

The fees in relation to the products, supplies and services payable between the Company and Xinjiang Non-ferrous during the term of the Renewed Mutual Supply Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of the mutual supply services from time to time. Such transactions will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from (as appropriate) third party independent of and not connected with the Company and its connected persons (the “Independent Third Parties”).

Xinjiang Non-ferrous is the controlling shareholder and therefore a connected person of the Company.

Further details of the Mutual Supply Agreement were disclosed in the announcement of the Company dated 29 October 2021 and the circular of the Company dated 24 November 2021.

# REPORT OF THE DIRECTORS

## 2. Comprehensive Services Agreement

On 29 October 2021, Kalatongke Mining, a wholly-owned subsidiary of the Company, entered into a renewed comprehensive services agreement (the “Comprehensive Services Agreement”) with Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Company Limited\* (新疆有色金屬工業(集團)富蘊興銅服務有限公司) (“Fuyun Xingtong”), whereby Fuyun Xingtong agreed to provide certain supporting services including medical assistance and healthcare services, security services, catering services, mine area hygiene and cleansing services to the employees of Kalatongke Mining from 1 January 2022 to 31 December 2024.

For each of the three years ended 31 December 2022, 2023 and 2024, the annual caps of the services fees payable by the Group to Fuyun Xingtong were approximately RMB8.35 million, RMB8.35 million and RMB8.35 million, respectively. For the year ended 31 December 2024, the actual total transaction amount of the services fees paid/payable by the Group to Fuyun Xingtong was approximately RMB3.23 million.

The supporting services fees payable by Kalatongke Mining to Fuyun Xingtong during the term of the Comprehensive Services Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market price of the supporting services from time to time. Such transactions will be conducted in the ordinary and usual course of business of Kalatongke Mining, on normal commercial terms and on terms not less favourable to Kalatongke Mining than terms available to or from (as appropriate) Independent Third Parties.

Fuyun Xingtong is a wholly-owned subsidiary of Xinjiang Non-ferrous which is the controlling shareholder of the Company, and is therefore a connected person of the Company.

Further details of the Comprehensive Services Agreement were disclosed in the announcement of the Company dated 29 October 2021.

# REPORT OF THE DIRECTORS

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed the said transactions as set out in the annual report and the accounts of the Company and are of the view that the continuing connected transactions:

- (I) were in the ordinary and usual course of business of the Company;
- (II) have been entered into by the Company on normal commercial terms or better; and
- (III) have been entered in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

ShineWing Certified Public Accountants LLP\* (信永中和會計師事務所(特殊普通合夥)), the auditors of the Company, has performed certain procedures on the continuing connected transactions and confirmed in writing to the Board that the above-mentioned continuing connected transactions:

- 1. have been approved by the Board;
- 2. are in accordance with the pricing policies of the Company if the transactions involved provision of goods or services by the Company;
- 3. have been entered into and conducted in accordance with the relevant agreements governing the transactions;
- 4. have not exceeded the annual caps and revised annual caps disclosed in the relevant announcements of the continuing connected transactions.

In respect of each related party transaction disclosed in note XII. 2 to the Financial Statements prepared in accordance with CAS, the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A to the Listing Rules and other relevant requirements under the Listing Rules (if applicable).

## CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note XII to the Financial Statements section headed "Related Parties and Related Party Transactions", at no time during the Year had the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries entered into any contract of significance for the provision of services by the controlling shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

## COMPLIANCE WITH LAWS AND REGULATIONS

To the best of our knowledge, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings in the Shares.

# REPORT OF THE DIRECTORS

## NON-COMPETITION AGREEMENT

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the exercise or non-exercise of the right of first refusal to purchase the 34% shareholding or any part thereof in Ashele Copper (as defined in the Prospectus) as held by Xinjiang Non-ferrous under the Non-competition Agreement (as defined in the Prospectus). The non-competition restrictions took effect on 12 October 2007. Xinjiang Non-ferrous has confirmed that it has not breached any of the terms of the Non-competition Agreement and has provided all information necessary for annual review by the independent non-executive Directors of the Company. An annual review has been conducted by the independent non-executive Directors of the Company on the decision of whether or not to exercise the right of first refusal.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Report of the Directors, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## AUDIT COMMITTEE

Written terms of reference of the audit committee based primarily on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board of Directors.

The audit committee provides an important link between the Board of Directors and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. It will review the effectiveness of the external audit and internal controls and risk evaluation and will provide comments and advice to the Board of Directors. The audit committee comprises one non-executive Director namely, Mr. Hu Chengye and two independent non-executive Directors, namely, Mr. Hu Benyuan and Mr. Lee Tao Wai, with Mr. Hu Benyuan serving as the Chairman. The audit committee and management have reviewed the audited results of the Group for the year ended 31 December 2024.

## AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by ShineWing Certified Public Accountants LLP\* (信永中和會計師事務所(特殊普通合夥)), who will retire upon the conclusion of the forthcoming annual general meeting of the Company.

By order of the Board

**Qi Xinhui**  
*Chairman*

Xinjiang, the PRC  
28 March 2025

# REPORT OF THE SUPERVISORY COMMITTEE

To all Shareholders,

In 2024, the Supervisory Committee of the Company (the "Supervisory Committee"), with all the Supervisors, has been committed to fulfilling and fully complied with the work duties and performed their supervisory duties effectively in compliance with the Company Law and other relevant laws and regulations and the relevant requirements of Articles of Association of the Company to effectively fulfill the interests of the shareholders of the Company. The independent opinion report in relation to basic status of the works and duties fulfilled by the Supervisory Committee is set out below.

## I. DAILY OPERATION OF THE SUPERVISORY COMMITTEE

- (I) The Supervisory Committee held four meetings in 2024. Adhering to the principle of complying with the law and the Articles of Association of the Company, working with diligence and fulfilling the interests of shareholders of the Company, the five Supervisors of the Company, with conscientious and responsible attitude, provided definite and true opinions on the issues to be reviewed. The status of the meeting is as follows:

At the first meeting of the seventh session of the Supervisory Committee held on 29 February 2024, the resolution regarding the change in accounting estimates for the Company's intangible assets (mining rights) were considered and approved.

At the second meeting of the seventh session of the Supervisory Committee held on 27 March 2024, eight resolutions regarding the Report of the Supervisory Committee for 2023, the audited Consolidated Financial Statements of the Company for the year ended 31 December 2023, the Plan for Distribution of Profits Accumulated of the Company for the year ended 31 December 2023, the Annual Report of the Company for 2023, the internal audit report for 2023 and the internal audit work plan for 2024 of the Company, the recommendation of Ms. Lin Su as an independent supervisor of the seventh session of the Supervisory Committee, etc., were considered and approved.

At the third meeting of the seventh session of the Supervisory Committee held on 31 May 2024, the resolutions regarding the adjustment to the list of the Participants, the number of effective equity interests and the exercise price under the 2021 Share Appreciation Rights Incentive Plan of Xinjiang Xinxin Mining Industry Co., Ltd.\* was considered and approved.

At the fourth meeting of the seventh session of the Supervisory Committee held on 30 August 2024, two resolutions regarding the consolidated financial statements (unaudited) of the Company for the six months ended 30 June 2024 and the Interim Report of the Company for 2024 were considered and approved.

- (II) Through attending various Board meetings of the Company in 2024, the Supervisory Committee exercised effective supervision over the legality of the meetings, whether the contents of resolutions are in compliance with the requirements of relevant laws, regulations and the Articles of Association of the Company, whether the resolutions are in line with the general meetings of the Company, as well as the actual needs of the operation and development of the Company.
- (III) Through various activities including meetings with relevant departments of the Company, the Supervisory Committee has effectively monitored significant economic activities of the Company such as resources integration, project construction, connected transactions, operation performance evaluation of subsidiaries and branch.



# REPORT OF THE SUPERVISORY COMMITTEE

- (IV) The Supervisory Committee has monitored the lawfulness and truth of the financial operations of the Company by examining its financial plans and reviewing various financial statements of the Company.
- (V) The Supervisory Committee has monitored the performance of the senior management of the Company and the management of the Company's subsidiaries, maintained frequent communications with them and offered their opinions and suggestions on job performance.

In 2024, all Supervisors of the Company have uplifted their ability of job performance and carried out their obligations and duties diligently in accordance with the annual work plan of the Supervisory Committee. As the sophisticated specialists in their professional fields, two independent Supervisors and one shareholder Supervisor played their role with due diligence to improve the supervision capability over the operation of the Company in compliance with the law and strengthen the independence of the Supervisory Committee for exercising rights and leveraging proper functions.

## II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

### (I) Operation of the Company in Compliance with the Law

In 2024, the Supervisory Committee supervised the operation of the Company and attended the Board meeting and general meetings of the Company in compliance with the law, and strictly supervised the implementation of decision-making procedures of the Company and performance of duties conducted by members of the Board and senior management of the Company. The Supervisory Committee believed that the decision-making procedures of the Company and the convening and holding of general meetings and Board meetings are strictly in compliance with the Company Law and relevant requirements of Articles of Association of the Company. Members of the Board and senior management of the Company performed their duties faithfully and diligently in accordance with laws and regulations of the State and the Articles of Association of the Company. During the Reporting Period, the Company and senior management of the Company did not have any behavior that was in breach of laws and regulations and the Articles of Association of the Company and that has undermined the interest of the Company and Shareholders when performing their duties and exercising their power and rights.

### (II) Assets of the Company

In 2024, the Company had no mergers and acquisitions.

The details of the Company's loans and financing, fixed assets, investments on technological renovation projects and geological prospecting and other assets, have been truthfully disclosed in the financial report of the Company.

### (III) Financial Management of the Company

The Supervisory Committee has conscientiously inspected, audited and supervised the financial position and management of the Company for 2024 in accordance with laws. ShineWing Certified Public Accountants LLP\* (信永中和會計師事務所(特殊普通合伙)) has audited the 2024 financial statements of the Company which have been prepared in accordance with the CASBE and issued the auditors' report with standard unqualified opinion. The Supervisory Committee is of the view that the Company has a sound financial system, standard internal operation and good financial position. The 2024 financial statements of the Company truly, accurately and completely present the financial position and operating results of the Company.

# REPORT OF THE SUPERVISORY COMMITTEE

Operating revenue of the Group for 2024 was approximately RMB2,281.4 million and the comprehensive profit attributable to shareholders of the Company was approximately RMB185.9 million.

In 2024, the Company did not encounter any circumstances of misappropriation of fund of the Company by controlling shareholders and other connected parties.

## (IV) Connected Transactions

In 2024, the Group was involved in connected transactions with the Company's controlling shareholder Xinjiang Non-ferrous and its subsidiaries, with regard to: (1) construction service, supply of raw material and transportation service which amounted to RMB113.40 million; (2) labour service payment to Fuyun Xingtong which amounted to RMB3.23 million; and (3) product sales, rendering of services and rental which amounted to RMB631.00 million. All connected transactions were conducted within the scope of the respective agreements. The transaction amounts for those continuing connected transactions also have not exceeded the respective 2024 annual caps, which were approved by the Board or general meetings. All the connected transactions were made pursuant to the market rule, being fair and reasonable. No deterioration of the Company's interests was found under reviews. The Company has also engaged ShineWing Certified Public Accountants LLP\* (信永中和會計師事務所(特殊普通合伙)) to perform the duties of international auditors and perform certain procedures on relevant continuing connected transactions. For details of the connected transactions, please refer to pages 53 to 56 of this Annual Report.

## (V) Internal Control of the Company

The Supervisory Committee is of the view that, the Company has established a relatively sound corporate governance structure and an internal control and management system in accordance with relevant laws, regulations and the Company's actual situation, which is in line with the actual demands and development demands of production, operation and management of the Company at the current stage and ensures the standard operation of the Company's businesses and segments, and the effective prevention and control of operation risks. In the reporting period, the Company's internal control system was standard and legal, and run in an effective way.

The Company strictly complied with laws, regulations and policies of the State, strengthening costs control, increasing revenue and reducing expenses as control procedures in the financial operation of the Company.

The Company implemented a set of performance assessment mechanism for remuneration management and ensured fairness and transparency, which greatly aroused the enthusiasm of staff.

On production management, the Company explored internal potentials and endeavored to increase and stabilize production, pursued a streamlined management, met the index of "two down and one up (兩降一升)" at different levels, uplifted levels of skills and techniques further and continuously improved the recycle rate of metal and the ability of comprehensive multi-metal recycling. The reasonable use of external resources helped increase the total output of the Company. The safety and environmental protection situation continued to improve, effectively safeguarding the bottom line of safety and environmental protection and achieving the annual safety and environmental protection targets.

# REPORT OF THE SUPERVISORY COMMITTEE

For procurement, the Company underwent at-least-three-bids system with qualitative products, competitive price and open tender to ensure the quality of products, so as to reduce the procurement costs, level of inventory and guarantee the production.

For sales of products, the Company kept a close eye on any updated news on international and domestic markets, carried out in-depth analysis on price trend, conducted research and adjusted the marketing strategies in time and realized the sales in high price and maximized its benefits.

Construction projects of the Company were carried out on schedule. The major progress was under control of the Company and the quality of the works was comprehensively guaranteed.

In respect of human resources management, the Company recruited, trained and maintained various kinds of talents, and continuously improved the quality of the team of employees in accordance with the requirements of the continuous development of the Company.

The internal audit of the Company has been continuously effective, performing important roles particularly in supervising and refining the tendering and bidding of major projects.

## **(VI) Performance of Duties by the Directors and Senior Management of the Company**

All Directors and senior management of the Company were diligent and responsible in their work during 2024. They conformed to the laws and regulations and demonstrated cooperation. Their duties were properly segregated. They were responsible and ensured effective implementation of all resolutions as approved by general meetings and the Board. In carrying out their duties, there were no breaches of the laws and regulations, the Articles of Association of the Company or any other actions which were against the interests of the Company. As a result of the scientific decisions on the major issues of the Company and efficient implementation made by the Board and the management, the Company achieved better performance in various aspects including production, safety, operations and project construction.

## **III. FOCUS OF THE SUPERVISORY COMMITTEE IN 2025**

In 2025, the Supervisory Committee will continue to perform the official duties faithfully and further promote the standard operation of the Company in accordance with the Company Law and other relevant laws and regulations and the relevant requirements of Articles of Association of the Company. The key points of the Supervisory Committee in 2025 are as follows:

- (I) Continuously exploring new methods and new ways to exercise the supervisory and review functions of the Supervisory Committee in accordance with relevant laws and regulations. Prudently improving self-construction, fully leveraging the functions of all Supervisors, and continuously enhancing the working standards of the Supervisory Committee to ensure the implementation of the decisions made by the general meeting and the Board.
- (II) Supervising the operation of the Company in compliance with the law and proactively urging the construction and effective operation of the internal control system of the Company.
- (III) Reviewing the financial operation of the Company and monitoring the financial operation by inquiring upon and reviewing the financial reports on a regular basis.

## REPORT OF THE SUPERVISORY COMMITTEE

- (IV) Supervising the due diligence of the Directors and senior management to prevent any behavior that would undermine the interest and image of the Company.
- (V) Strengthening the supervision over capital operation, property disposal, merger and acquisition, connected transaction, financial management and other major issues to ensure healthy development of the Company and effectively protect the interests of the shareholders of the Company.

**Yao Wenying**

*Chairman of the Supervisory Committee*

28 March 2025

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

XYZH/2025BJAA16B0120  
Xinjiang Xinxin Mining Industry Co., Ltd.

All shareholders of Xinjiang Xinxin Mining Industry Co., Ltd.:

### I. AUDIT OPINION

We have audited the financial statements of Xinjiang Xinxin Mining Industry Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2024, the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with *Accounting Standards for Business Enterprises* in all material respects, and presented fairly the consolidated and the Company's financial position as of 31 December 2024, and the consolidated and the Company's results of operations and cash flows for the year then ended.

### II. BASIS FOR OPINION

We conducted our audit in accordance with *China Standards on Auditing for Chinese Certified Public Accountants*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the *Code of Ethics for Chinese Certified Public Accountants*, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing our audit opinion.



# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

### III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are considered to be most significant to the audit of the financial statements for the period. These matters were addressed in the context of our audit of the financial statements as a whole, in forming our audit opinion thereon, and we do not express a separate opinion on these matters.

Key audit matter	Response in audit
<b>Impairment of goodwill and other long-term assets</b>	
<p>Please refer to "Note III.20. Impairment of long-term assets" and "Note V.12.13.15.16." for notes to the relevant statement items.</p> <p>As at 31 December 2024, the original book value of the Company's goodwill was RMB28,087,550.20, with an impairment provision of RMB18,099,639.19, which mainly arose from the acquisition of subsidiaries in previous years; and the original book value of other long-term assets (mainly fixed assets, construction in progress and intangible assets) was RMB8,390,294,235.94, with an impairment provision of RMB239,179,301.51.</p>	<p>(1) We gained an understanding of and assessed the management's accounting policies for goodwill and other long-term assets, as well as the processes and internal controls related to the provision for impairment;</p> <p>(2) Ask about the management's assessment of impairment indicators to determine the scope of management's impairment testing of goodwill and other related long-term assets;</p> <p>(3) Obtain an understanding of and assess the management's approach to determining the recoverable amount of an asset in an impairment test;</p> <p>(4) Obtain future cash flow projections approved by the management and compare the future cash flow projections with the data used in the impairment test;</p>

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

Key audit matter	Response in audit
<p>As at 31 December 2024, the management assessed and tested whether goodwill and other long-term assets required an impairment provision. The impairment test uses the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows as the recoverable amount of the asset.</p> <p>We identified impairment of goodwill and other long-term assets as a key audit matter due to the complexity of the impairment test and the fact that it involves the use of key assumptions and significant judgments by the management.</p>	<p>(5) Obtain the key assumptions made by the management in the impairment testing of goodwill and other long-term assets, including expected prices of metals, forecasts of mineral reserves, production, capital, and operating costs, and discount rates; compare the expected prices of metal products and inflation rates used in the assumptions with comparable data published in the market in the recent past, and review and measure the discount rates;</p> <p>(6) Compare the mineral reserves with the exploration results and the reserves filed with the Ministry of Land and Resources; compare the production with the design capacity and historical production in the feasibility study report; and compare the capital and operating costs with the historical data and the budget approved by the Board of Directors, and assess whether the above key assumptions and judgments are within the acceptable range.</p>

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

### IV. OTHER INFORMATION

The management of the Company (hereinafter referred to as the Management) is responsible for the other information. Other information includes the information covered in the 2024 Annual Report of the Company, but excludes the financial statements and our auditors' report.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

### **V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The Management is responsible for the preparation of the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing, and maintaining the necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company'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 Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that expresses our opinion. Although reasonable assurance is a high level of assurance, it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make on the basis of the financial statements.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

During the course of the audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works:

- (1) Identify and assess the risks of material misstatement of the 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 expressing audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls.
- (2) 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 its internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of users of the financial statements to the relevant disclosures in the financial statements in our auditors' report or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on information available as of the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure, and content of the financial statements, as well as whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the Group audit. We remain solely responsible for our audit opinion.



# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S REPORT

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with those 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 related safeguards, where applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation prohibited public disclosure about the matter or when, in 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.

**ShineWing Certified Public Accountants (LLP)**

Chinese Certified  
Public Accountant:

**Shao Lixin**  
(Engagement partner)

Chinese Certified  
Public Accountant:

**Zuo Dongqiang**

Beijing, China  
28 March 2025

# CONSOLIDATED BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current assets:</b>			
Cash at bank and on hand	V.1	<b>533,765,198.48</b>	553,829,081.81
Financial assets held for trading	V.2	<b>444,342.48</b>	11,000,000.00
Derivative financial assets		—	—
Notes receivable	V.3	<b>35,557,932.04</b>	9,785,954.00
Accounts receivable	V.4	<b>426,307,912.49</b>	130,201,500.12
Financing receivable	V.5	<b>59,407,818.41</b>	119,680,583.62
Advances to suppliers	V.7	<b>34,073,756.85</b>	26,694,576.52
Other receivables	V.6	<b>7,014,340.74</b>	14,503,432.54
Including: Interest receivables		—	—
Dividends receivable		—	—
Buying back the sale of financial assets		—	—
Inventories	V.8	<b>1,058,515,443.98</b>	1,284,579,340.20
Contract assets		—	—
Held-for-sale assets		—	—
Non-current assets due within one year		—	—
Other current assets	V.9	<b>6,376,085.69</b>	13,743,583.32
Total current assets		<b>2,161,462,831.16</b>	2,164,018,052.13

# CONSOLIDATED BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Non-current assets:</b>			
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments	V.10	190,545,162.35	186,085,773.69
Investment in other equity instruments		—	—
Other non-current financial assets		—	—
Investment properties	V.11	219,958,989.81	224,135,064.33
Fixed assets	V.12	3,482,062,964.20	3,566,730,673.97
Construction in progress	V.13	493,947,011.08	438,516,248.15
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets	V.14	12,994,594.68	1,338,619.31
Intangible assets	V.15	1,054,590,584.38	1,124,051,923.48
Development costs	VI.1	22,016,404.51	20,075,100.22
Goodwill	V.16	9,987,911.01	9,987,911.01
Long-term prepaid expenses	V.18	1,702,435.15	2,344,603.51
Deferred tax assets	V.19	61,921,100.14	88,258,987.09
Other non-current assets	V.20	12,035,265.42	12,035,265.42
Total non-current assets		5,561,762,422.73	5,673,560,170.18
<b>Total assets</b>		<b>7,723,225,253.89</b>	<b>7,837,578,222.31</b>

# CONSOLIDATED BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings	V.22	200,159,722.23	200,000,000.00
Financial liabilities held for trading	V.23	—	48,976,869.63
Derivative financial liabilities		—	—
Notes payable	V.24	143,487,517.26	224,100,000.00
Accounts payable	V.25	344,271,240.37	302,062,627.82
Advances from customers	V.27	201,690.95	—
Contract liabilities	V.28	9,193,741.84	16,763,619.58
Employee benefits payable	V.29	119,233,550.61	120,083,444.53
Taxes payable	V.30	12,112,733.89	16,738,776.22
Other payables	V.26	175,467,625.44	212,210,363.97
Including: Interests payable		—	145,444.45
Dividends payable		—	—
Held-for-sale liabilities		—	—
Non-current liabilities due within one year	V.31	503,632,403.26	41,854,448.85
Other current liabilities	V.32	1,195,186.44	2,179,270.55
Total current liabilities		1,508,955,412.29	1,184,969,421.15
<b>Non-current liabilities:</b>			
Long-term borrowings	V.33	96,000,000.00	563,700,000.00
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities	V.34	—	—
Long-term payables	V.35	298,898,866.05	333,569,458.80
Long-term employee benefits payable	V.36	1,481,219.57	—
Provisions	V.37	127,285,063.92	120,468,806.02
Deferred income	V.38	24,533,230.10	25,181,706.31
Deferred tax liabilities	V.19	80,813,939.81	89,180,418.57
Other non-current liabilities		—	—
Total non-current liabilities		629,012,319.45	1,132,100,389.70
<b>Total liabilities</b>		<b>2,137,967,731.74</b>	<b>2,317,069,810.85</b>

# CONSOLIDATED BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Shareholders' equity:</b>			
Share capital	V.39	552,500,000.00	552,500,000.00
Other equity instruments		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Capital reserves	V.40	4,258,569,997.76	4,258,569,997.76
Less: Treasury stock		—	—
Other comprehensive income		—	—
Special reserve	V.41	1,300,130.31	—
Surplus reserves	V.42	276,250,000.00	276,250,000.00
General risk reserve		—	—
Undistributed profits	V.43	492,290,337.75	416,872,671.59
Total equity attributable to shareholders of the Company		5,580,910,465.82	5,504,192,669.35
Non-controlling interests		4,347,056.33	16,315,742.11
Total shareholders' equity		5,585,257,522.15	5,520,508,411.46
<b>Total liabilities and shareholders' equity</b>		<b>7,723,225,253.89</b>	<b>7,837,578,222.31</b>

Legal representative:  
**Chen Yan**

Principal in charge of accounting:  
**He Hongfeng**

Head of the accounting department:  
**Jin Shufang**



# COMPANY BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current assets:</b>			
Cash at bank and on hand		<b>446,697,945.28</b>	506,166,108.09
Financial assets held for trading		<b>444,342.48</b>	–
Derivative financial assets		–	–
Notes receivable		<b>23,759,117.89</b>	614,676.72
Accounts receivable	XVIII.1	<b>418,862,429.02</b>	117,750,308.26
Financing receivable		<b>38,190,315.50</b>	84,067,005.22
Advances to suppliers		<b>505,718,684.66</b>	647,011,653.15
Other receivables	XVIII.2	<b>57,923,544.72</b>	73,599,452.99
Including: Interest receivables		<b>44,255,750.00</b>	41,327,750.00
Dividends receivable		–	18,000,000.00
Inventories		<b>784,589,704.04</b>	977,323,920.03
Contract assets		–	–
Held-for-sale assets		–	–
Non-current assets due within one year		<b>298,700,000.00</b>	3,400,000.00
Other current assets		<b>5,171,326.18</b>	1,525,625.64
Total current assets		<b>2,580,057,409.77</b>	2,411,458,750.10

# COMPANY BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Non-current assets:</b>			
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		420,000,000.00	718,700,000.00
Long-term equity investments	XVIII.3	2,521,260,287.85	2,515,600,405.91
Investment in other equity instruments		—	—
Other non-current financial assets		—	—
Investment Properties		4,071,473.34	4,157,717.58
Fixed assets		472,185,459.07	483,236,907.12
Construction in progress		72,525,441.64	90,273,138.85
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		—	1,338,619.31
Intangible assets		38,294,987.29	39,244,330.94
Development costs		6,650,004.08	4,708,699.79
Goodwill		—	—
Long-term prepaid expenses		1,702,435.15	2,344,603.51
Deferred tax assets		48,832,704.59	57,915,712.24
Other non-current assets		—	—
Total non-current assets		3,585,522,793.01	3,917,520,135.25
<b>Total assets</b>		<b>6,165,580,202.78</b>	<b>6,328,978,885.35</b>

# COMPANY BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings		—	—
Financial liabilities held for trading		—	48,976,869.63
Derivative financial liabilities		—	—
Notes payable		<b>158,450,000.00</b>	237,150,000.00
Accounts payable		<b>92,493,259.08</b>	93,753,206.57
Advances from customers		—	—
Contract liabilities		<b>631,431.87</b>	5,995,217.48
Employee benefits payable		<b>58,169,004.77</b>	55,825,479.42
Taxes payable		<b>1,453,630.77</b>	4,001,824.57
Other payables		<b>20,537,412.44</b>	55,806,875.92
Including: Interests payable		—	—
Dividends payable		—	—
Held-for-sale liabilities		—	—
Non-current liabilities due within one year		<b>298,700,000.00</b>	4,772,093.89
Other current liabilities		<b>82,086.14</b>	779,378.28
Total current liabilities		<b>630,516,825.07</b>	507,060,945.76

# COMPANY BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Non-current liabilities:</b>			
Long-term borrowings		96,000,000.00	394,700,000.00
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities		—	—
Long-term payables		—	62,770.30
Long-term employee benefits payable		1,481,219.57	—
Provisions		—	—
Deferred income		6,902,726.23	7,328,758.15
Deferred tax liabilities		66,651.37	—
Other non-current liabilities		—	—
Total non-current liabilities		104,450,597.17	402,091,528.45
<b>Total liabilities</b>		<b>734,967,422.24</b>	<b>909,152,474.21</b>

# COMPANY BALANCE SHEET

31 December 2024

Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Shareholders' equity:</b>			
Share capital		<b>552,500,000.00</b>	552,500,000.00
Other equity instruments		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Capital reserves		<b>4,254,754,857.49</b>	4,254,754,857.49
Less: Treasury stock		—	—
Other comprehensive income		—	—
Special reserve		<b>1,300,130.31</b>	—
Surplus reserves		<b>276,250,000.00</b>	276,250,000.00
Undistributed profits		<b>345,807,792.74</b>	336,321,553.65
Total shareholders' equity		<b>5,430,612,780.54</b>	5,419,826,411.14
Total liabilities and shareholders' equity		<b>6,165,580,202.78</b>	6,328,978,885.35

Legal representative:  
**QI Xinhui**

Principal in charge of accounting:  
**He Hongfeng**

Head of the accounting department:  
**Jin Shufang**



# CONSOLIDATED INCOME STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>I. Total revenue</b>		<b>2,281,399,239.62</b>	2,049,837,120.97
Including: Revenue	V.44	<b>2,281,399,239.62</b>	2,049,837,120.97
<b>II. Total cost of sales</b>		<b>2,065,617,093.46</b>	1,717,891,779.45
Including: Cost of sales	V.44	<b>1,726,646,218.20</b>	1,354,797,866.80
Taxes and surcharges	V.45	<b>48,254,197.39</b>	43,082,409.42
Selling expenses	V.46	<b>17,568,599.72</b>	10,097,638.41
General and administrative expenses	V.47	<b>195,304,500.77</b>	202,255,591.07
Research and development expenses	V.48	<b>39,074,537.67</b>	57,999,067.18
Financial expenses	V.49	<b>38,769,039.71</b>	49,659,206.57
Including: Interest expenses		<b>23,704,862.77</b>	37,497,895.10
Interest income		<b>6,279,964.10</b>	12,089,801.57
Add: Other income	V.50	<b>35,378,653.34</b>	9,199,877.67
Investment income (Loss marked with "-")	V.52	<b>4,577,314.69</b>	-32,855,201.29
Including: Income from investments in associates and joint ventures		<b>5,659,881.94</b>	-15,818,657.97
Gains on derecognition of financial assets measured at amortized cost		—	—
Exchange gains (Loss marked with "-")		—	—
Gains on net exposure hedge (Loss marked with "-")		—	—
Gains on changes in fair value (Loss marked with "-")	V51	<b>17,535,289.42</b>	-64,088,387.56
Credit impairment losses (Loss marked with "-")	V.53	<b>3,303,192.67</b>	-3,645,883.49
Asset impairment losses (Loss marked with "-")	V.54	<b>-58,544,107.87</b>	-34,498,734.72
Gains on disposal of assets (Loss marked with "-")	V.55	<b>307,806.20</b>	—

# CONSOLIDATED INCOME STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>III. Operating profit (Loss marked with "-")</b>		<b>218,340,294.61</b>	206,057,012.13
Add: Non-operating income	V.56	<b>3,727,366.60</b>	6,612,498.15
Less: Non-operating expenses	V.57	<b>6,808,952.84</b>	2,715,454.52
<b>IV. Total profit (Total loss marked with "-")</b>		<b>215,258,708.37</b>	209,954,055.76
Less: Income tax expenses	V.58	<b>41,309,727.99</b>	47,611,479.45
<b>V. Net profit (Net loss marked with "-")</b>		<b>173,948,980.38</b>	162,342,576.31
(I) Classified by continuity of operations		<b>173,948,980.38</b>	162,342,576.31
1. Net profit from continuing operations (Net loss marked with "-")		<b>173,948,980.38</b>	162,342,576.31
2. Net profit from discontinued operations (Net loss marked with "-")		—	—
(II) Classified by owner's equity		<b>173,948,980.38</b>	162,342,576.31
1. Net profit attributable to equity owners of the parent company (Net loss marked with "-")		<b>185,917,666.16</b>	162,663,648.19
2. Gains or losses attributable to non-controlling interests (Net loss marked with "-")		<b>-11,968,685.78</b>	-321,071.88
<b>VI. Other comprehensive income after tax</b>		—	—
Net after-tax amount of other comprehensive income attributable to equity owners of the parent company		—	—
(I) Other comprehensive income that cannot be reclassified into profit or loss		—	—
1. Remeasurement of changes in defined benefit plans		—	—
2. Other comprehensive income not converted into profit or loss under the equity method		—	—
3. Fair value changes of investments in other equity instruments		—	—
4. Fair value changes of enterprise's own credit risks		—	—
5. Others		—	—

# CONSOLIDATED INCOME STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
(II) Other comprehensive income to be reclassified to profit or loss		—	—
1. Other comprehensive income available for transfer to profit or loss under the equity method		—	—
2. Fair value changes of other debt instruments		—	—
3. Amount reclassified from financial assets to other comprehensive income		—	—
4. Provision for credit impairment of other debt investments		—	—
5. Cash flow hedge reserves (Effective portion of cash flow hedge gains and losses)		—	—
6. Translation difference of foreign currency statements		—	—
7. Others		—	—
Net after-tax amount of other comprehensive income attributable to non-controlling interests		—	—
<b>VII. Total comprehensive income</b>		<b>173,948,980.38</b>	162,342,576.31
Total comprehensive income attributable to shareholders of the parent company		<b>185,917,666.16</b>	162,663,648.19
Total comprehensive income attributable to non-controlling interests		<b>-11,968,685.78</b>	-321,071.88
<b>VIII. Earnings per share:</b>		—	—
(I) Basic earnings per share (RMB/share)		<b>0.084</b>	0.074
(II) Diluted earnings per share (RMB/share)		<b>0.084</b>	0.074

Legal representative:  
**QI Xinhui**

Principal in charge of accounting:  
**He Hongfeng**

Head of the accounting department:  
**Jin Shufang**

# COMPANY INCOME STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>I. Revenue</b>	XVIII.4	<b>2,097,981,549.49</b>	1,902,567,885.11
Including: Cost of sales	XVIII.4	<b>1,875,470,365.49</b>	1,603,107,503.86
Taxes and surcharges		<b>10,775,779.95</b>	12,825,619.80
Selling expenses		<b>16,499,379.59</b>	8,650,557.33
General and administrative expenses		<b>61,665,668.70</b>	55,805,546.51
Research and development expenses		<b>11,218,561.46</b>	27,088,665.01
Financial expenses		<b>-7,514,909.08</b>	-11,891,408.75
Including: Interest expenses		<b>12,759,711.11</b>	15,089,906.69
Interest income		<b>21,217,589.47</b>	30,005,788.21
Add: Other income		<b>13,098,664.93</b>	4,161,159.43
Investment income (Loss marked with "-")	XVIII.5	<b>5,659,881.94</b>	-16,368,657.97
Including: Income from investments in associates and joint ventures		<b>5,659,881.94</b>	-16,368,657.97
Gains on derecognition of financial assets measured at amortized cost		—	—
Gains on net exposure hedge (Loss marked with "-")		—	—
Gains on changes in fair value (Loss marked with "-")		<b>13,924,015.32</b>	-66,353,785.73
Credit impairment losses (Loss marked with "-")		<b>2,366,370.77</b>	-883,984.84
Asset impairment losses (Loss marked with "-")		<b>-16,216,832.65</b>	-43,365,563.03
Gains on disposal of assets (Loss marked with "-")		<b>187,452.22</b>	—
<b>II. Operating profit (Loss marked with "-")</b>		<b>148,886,255.91</b>	84,170,569.21
Add: Non-operating income		<b>2,036,424.63</b>	5,636,752.85
Less: Non-operating expenses		<b>2,331,551.35</b>	223,864.84
<b>III. Total profit (Total loss marked with "-")</b>		<b>148,591,129.19</b>	89,583,457.22
Less: Income tax expenses		<b>28,604,890.10</b>	22,479,019.52
<b>IV. Net profit (Net loss marked with "-")</b>		<b>119,986,239.09</b>	67,104,437.70
(I) Classified by continuity of operations			
1. Net profit from continuing operations (Net loss marked with "-")		<b>119,986,239.09</b>	67,104,437.70
2. Net profit from discontinued operations (Net loss marked with "-")		—	—

# COMPANY INCOME STATEMENT

FY 2024  
Currency: RMB

Item	Note	FY 2024	FY 2023
<b>V. Other comprehensive income after tax</b>		—	—
(I) Other comprehensive income that cannot be reclassified into profit or loss		—	—
1. Remeasurement of changes in defined benefit plans		—	—
2. Other comprehensive income not converted into profit or loss under the equity method		—	—
3. Fair value changes of investments in other equity instruments		—	—
4. Fair value changes of enterprise's own credit risks		—	—
5. Others		—	—
(II) Other comprehensive income to be reclassified to profit or loss		—	—
1. Other comprehensive income available for transfer to profit or loss under the equity method		—	—
2. Fair value changes of other debt instruments		—	—
3. Amount reclassified from financial assets to other comprehensive income		—	—
4. Provision for credit impairment of other debt investments		—	—
5. Cash flow hedge reserves (Effective portion of cash flow hedge gains and losses)		—	—
6. Translation difference of foreign currency statements		—	—
7. Others		—	—
<b>VI. Total comprehensive income</b>		<b>119,986,239.09</b>	67,104,437.70
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)		—	—
(II) Diluted earnings per share (RMB/share)		—	—

Legal representative:  
**QI Xinhui**

Principal in charge of accounting: Head of the accounting department:  
**He Hongfeng** **Jin Shufang**



# CONSOLIDATED CASH FLOW STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		<b>1,547,696,480.63</b>	1,499,645,931.50
Received tax refunds		<b>3,794,367.75</b>	1,077,536.36
Cash received relating to other operating activities	V.60. (1)	<b>55,133,567.94</b>	36,745,096.02
<b>Sub-total of cash inflows from operating activities</b>		<b>1,606,624,416.32</b>	1,537,468,563.88
Cash paid for goods and services		<b>808,455,402.27</b>	379,937,457.67
Cash paid to and on behalf of employees		<b>312,826,152.79</b>	302,055,163.13
Payments of taxes and surcharges		<b>217,214,997.46</b>	224,525,471.72
Cash paid relating to other operating activities	V.60. (1)	<b>70,547,800.02</b>	72,993,974.62
<b>Sub-total of cash outflows from operating activities</b>		<b>1,409,044,352.54</b>	979,512,067.14
<b>Net cash flows generated from operating activities</b>	V.61	<b>197,580,063.78</b>	557,956,496.74

# CONSOLIDATED CASH FLOW STATEMENT

FY 2024  
Currency: RMB

Item	Note	FY 2024	FY 2023
<b>II. Cash flows from investing activities:</b>			
Cash received from disinvestments		—	—
Cash received from returns on investments		<b>117,926.03</b>	10,661,908.22
Cash received from the disposal of fixed assets, intangible assets and other long-term assets		<b>80,000.00</b>	19,660.00
Net cash received from the disposal of subsidiaries and other business units		—	—
Cash received relating to other investing activities	V.60. (2)	<b>11,000,000.00</b>	22,000,000.00
<b>Sub-total of cash inflows from investing activities</b>		<b>11,197,926.03</b>	32,681,568.22
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>70,124,479.90</b>	104,810,357.36
Cash paid for investments		—	—
Net cash paid to acquire subsidiaries and other business units		—	—
Cash paid relating to other investing activities	V.60. (2)	—	22,000,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>70,124,479.90</b>	126,810,357.36
<b>Net cash flows generated from investing activities</b>		<b>-58,926,553.87</b>	-94,128,789.14

# CONSOLIDATED CASH FLOW STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>III. Cash flows from financing activities:</b>			
Cash received from investments		—	—
Including: Cash received cash by subsidiaries from non-controlling interests' investment		—	—
Cash received from borrowings		200,000,000.00	770,000,000.00
Cash received relating to other financing activities		—	—
<b>Sub-total of cash inflows from financing activities</b>		<b>200,000,000.00</b>	<b>770,000,000.00</b>
Cash repayments of debts		204,400,000.00	998,900,000.00
Cash used to pay dividends, profits, or interest expenses		131,011,004.02	371,474,837.47
Including: Dividends and profits paid to non-controlling interests by subsidiaries		—	—
Cash paid relating to other financing activities	V.60. (3)	18,146,938.58	1,220,787.62
<b>Sub-total of cash outflows from financing activities</b>		<b>353,557,942.60</b>	<b>1,371,595,625.09</b>
<b>Net cash flows generated from financing activities</b>		<b>-153,557,942.60</b>	<b>-601,595,625.09</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>—</b>	<b>—</b>
<b>V. Net increase in cash and cash equivalents</b>	V.61. (2)	<b>-14,904,432.69</b>	<b>-137,767,917.49</b>
Add: Opening balance of cash and cash equivalents	V.61. (2)	483,702,769.38	621,470,686.87
<b>VI. Closing balance of cash and cash equivalents</b>	V.61. (2)	<b>468,798,336.69</b>	<b>483,702,769.38</b>

Legal representative:  
QI Xinhui

Principal in charge of accounting: Head of the accounting department:  
He Hongfeng Jin Shufang

# COMPANY CASH FLOW STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		1,292,682,279.63	1,290,338,042.87
Received tax refunds		2,877,400.51	—
Cash received relating to other operating activities		51,362,880.26	186,873,305.71
<b>Sub-total of cash inflows from operating activities</b>		<b>1,346,922,560.40</b>	1,477,211,348.58
Cash paid for goods and services		1,049,269,750.57	884,783,653.35
Cash paid to and on behalf of employees		131,834,323.74	130,642,452.78
Payments of taxes and surcharges		77,512,218.87	128,748,946.21
Cash paid relating to other operating activities		34,714,318.48	291,939,681.32
<b>Sub-total of cash outflows from operating activities</b>		<b>1,293,330,611.66</b>	1,436,114,733.66
<b>Net cash flows generated from operating activities</b>		<b>53,591,948.74</b>	41,096,614.92
<b>II. Cash flows from investing activities:</b>			
Cash received from disinvestments		—	—
Cash received from returns on investments		30,759,711.11	161,042,198.22
Cash received from the disposal of fixed assets, intangible assets, and other long-term assets		80,000.00	19,660.00
Net cash received from the disposal of subsidiaries and other business units		—	—
Cash received relating to other investing activities		3,400,000.00	151,550,000.00
<b>Sub-total of cash inflows from investing activities</b>		<b>34,239,711.11</b>	312,611,858.22
Cash paid to acquire fixed assets, intangible assets, and other long-term assets		3,219,774.78	8,794,770.40
Cash paid for investments		—	—
Net cash paid to acquire subsidiaries and other business units		—	—
Cash paid relating to other investing activities		—	100,000,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>3,219,774.78</b>	108,794,770.40
<b>Net cash flows generated from investing activities</b>		<b>31,019,936.33</b>	203,817,087.82

# COMPANY CASH FLOW STATEMENT

FY 2024

Currency: RMB

Item	Note	FY 2024	FY 2023
<b>III. Cash flows from financing activities:</b>			
Cash received from investments		—	—
Cash received from borrowings		—	100,000,000.00
Cash received relating to other financing activities		—	—
<b>Sub-total of cash inflows from financing activities</b>		<b>—</b>	<b>100,000,000.00</b>
Cash repayments of debts		<b>3,400,000.00</b>	148,400,000.00
Cash used to pay dividends, profits, or interest expenses		<b>120,414,684.58</b>	349,375,948.84
Cash paid relating to other financing activities		<b>1,498,113.30</b>	1,220,787.62
<b>Sub-total of cash outflows from financing activities</b>		<b>125,312,797.88</b>	<b>498,996,736.46</b>
<b>Net cash flows generated from financing activities</b>		<b>-125,312,797.88</b>	<b>-398,996,736.46</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>-40,700,912.81</b>	<b>-154,083,033.72</b>
Add: Opening balance of cash and cash equivalents		<b>442,353,832.37</b>	596,436,866.09
<b>V. Closing balance of cash and cash equivalents</b>		<b>401,652,919.56</b>	<b>442,353,832.37</b>

Legal representative:  
**QI Xinhui**

Principal in charge of accounting: Head of the accounting department:  
**He Hongfeng** **Jin Shufang**

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

31 December 2024

(All amounts in RMB unless otherwise stated)

Item	FY 2024														
	Equity attributable to shareholders of the parent company														
	Other equity instruments														
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal	Non-controlling interests	Total shareholders' equity
Closing balance of the prior year	552,500,000.00	-	-	-	4,258,569,997.76	-	-	-	276,250,000.00	-	416,872,671.59	-	5,504,192,669.35	16,315,742.11	5,520,508,411.46
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior-period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Same-control business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating balance of the current year	552,500,000.00	-	-	-	4,258,569,997.76	-	-	-	276,250,000.00	-	416,872,671.59	-	5,504,192,669.35	16,315,742.11	5,520,508,411.46
I. Increase or decrease in the current year (Decrease marked with "-")															
(1) Total comprehensive income	-	-	-	-	-	-	-	1,300,130.31	-	-	75,417,666.16	-	76,717,796.47	-11,968,685.78	64,749,110.69
(2) Profit distribution	-	-	-	-	-	-	-	-	-	-	185,917,666.16	-	185,917,666.16	-11,968,685.78	173,949,980.38
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-110,500,000.00	-	-110,500,000.00	-	-110,500,000.00
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Special reserves	-	-	-	-	-	-	-	1,300,130.31	-	-	-110,500,000.00	-	-110,500,000.00	-	-110,500,000.00
1. Withdrawal in the current year	-	-	-	-	-	-	-	65,861,114.64	-	-	-	-	65,861,114.64	-	65,861,114.64
2. Use in the current year	-	-	-	-	-	-	-	-64,561,284.33	-	-	-	-	-64,561,284.33	-	-64,561,284.33
IV. Closing balance of the current year	552,500,000.00	-	-	-	4,258,569,997.76	-	-	1,300,130.31	276,250,000.00	-	492,290,337.75	-	5,590,910,465.82	4,347,066.33	5,595,257,522.15

Legal representative: **QI Xinhui** Principal in charge of accounting: **He Hongfeng** Head of the accounting department: **Jin Shufang**



(All amounts in RMB unless otherwise stated)

Legal representative: **QI Xinhui**  
Principal in charge of accounting: **He Hongfeng**  
Head of the accounting department: **Jin Shufang**

# COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

31 December 2024

(All amounts in RMB unless otherwise stated)

Item	FY 2024									
	Other equity instruments					Less:		Other comprehensive income		Total shareholders' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Treasury stock	Special reserves	Surplus reserves	Undistributed profits	Others
<b>I. Closing balance of the prior year</b>	552,500,000.00	-	-	-	4,254,754,857.49	-	-	276,250,000.00	336,321,553.65	-
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of prior-period errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
<b>II. Opening balance of the current year</b>	552,500,000.00	-	-	-	4,254,754,857.49	-	-	276,250,000.00	336,321,553.65	-
<b>III. Increase or decrease in the current year (Decrease marked with "-")</b>										
(1) Total comprehensive income	-	-	-	-	-	-	1,300,130.31	-	9,486,239.09	-
(2) Profit distribution	-	-	-	-	-	-	-	-	119,986,239.09	-
1. Withdrawal of surplus	-	-	-	-	-	-	-	-	-110,500,000.00	-
reserves	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-110,500,000.00	-
(3) Special reserves	-	-	-	-	-	-	1,300,130.31	-	-	-
1. Withdrawal in the current year	-	-	-	-	-	-	7,966,558.52	-	-	-
2. Use in the current year	-	-	-	-	-	-	-6,666,428.21	-	-	-
<b>IV. Closing balance of the current year</b>	552,500,000.00	-	-	-	4,254,754,857.49	-	1,300,130.31	276,250,000.00	345,807,792.74	-

Legal representative: **QI Xinhui** Principal in charge of accounting: **He Hongfeng** Head of the accounting department: **Jin Shufang**

# COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

31 December 2024

(All amounts in RMB unless otherwise stated)

FY 2023												
Item	Other equity instruments						Less:			Undistributed profits	Others	Total shareholders' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Treasury stock	Other comprehensive income	Special reserves	Surplus reserves			
I. Closing balance of the prior year	552,500,000.00	-	-	-	4,254,754,857.49	-	-	-	276,250,000.00	600,717,115.95	-	5,684,221,973.44
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior-period errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	552,500,000.00	-	-	-	4,254,754,857.49	-	-	-	276,250,000.00	600,717,115.95	-	5,684,221,973.44
III. Increase or decrease in the current year (Decrease marked with "-")												
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-264,395,562.30	-	-264,395,562.30
(2) Profit distribution	-	-	-	-	-	-	-	-	-	67,104,437.70	-	67,104,437.70
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-331,500,000.00	-	-331,500,000.00
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
(3) Special reserves	-	-	-	-	-	-	-	-	-	-331,500,000.00	-	-331,500,000.00
1. Withdrawal in the current year	-	-	-	-	-	-	-	12,773,166.05	-	-	-	12,773,166.05
2. Use in the current year	-	-	-	-	-	-	-	-12,773,166.05	-	-	-	-12,773,166.05
IV. Closing balance of the current year	552,500,000.00	-	-	-	4,254,754,857.49	-	-	-	276,250,000.00	336,321,553.65	-	5,419,826,411.14

Legal representative: **QI Xinhui** Principal in charge of accounting: **He Hongfeng** Head of the accounting department: **Jin Shufang**

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## I. GENERAL INFORMATION

Xinjiang Xinxin Mining Industry Co. Ltd. (hereinafter referred to as the “Company” and, when including subsidiaries, referred to as the “Group”) was incorporated on 1 September 2005 in Urumqi, Xinjiang Uygur Autonomous Region of the People’s Republic of China (hereinafter referred to as the “PRC”) together by Xinjiang Non-ferrous Metal Industry (Group) Ltd. (hereinafter referred to as the “Xinjiang Non-ferrous Group”), Shanghai Yilian Kuangneng Co. Ltd. (hereinafter referred to as the “Shanghai Yilian”), Zhongjin Investment (Group) Ltd. (hereinafter referred to as the “Zhongjin Investment”), Xiamen Zijin Technology Co., Ltd. (now changed the name to Zijin Mining Group (Xiamen) Investment Co., Ltd. hereinafter referred to as the “Xiamen Zijin”), Xinjiang Xinying New Material Co., Ltd. (hereinafter referred to as the “Xinjiang Xinying”) and Shaanxi Honghao Industry Co. Ltd. (hereinafter referred to as the “Shaanxi Honghao”). Xinjiang Non-ferrous Group is the holding company of the Company. The Company was established with a total equity of RMB300,000,000.00 which was valued at RMB1 per share.

On 19 May 2006, the Company issued 80,000,000 new shares at a value of RMB1 each, the registered capital increased from RMB300,000,000.00 to RMB380,000,000.00. Xinjiang Non-ferrous Group injected its land use rights of Kalatongke Copper-nickel Mine and Fukang Refinery as increased capital. Shanghai Yilian, Zhongjin Investment, Xiamen Zijin, Xinjiang Xinying, and Shaanxi Honghao paid the increased capital in cash.

Pursuant to a resolution of the shareholders of the Company dated 11 May 2007 and the approval from China Securities Regulatory Commission dated 29 August 2007, each share of RMB1 was subdivided into four shares of RMB0.25 each with effect from 27 September 2007. The total number of shares immediately after the share split was 1,520,000,000.

In October 2007, the Company completed the issue of 690,000,000 H shares of RMB0.25 each at HKD6.5 (equivalent to approximately RMB6.3) per share as a result of the Initial Public Offering and listing of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited. In addition, pursuant to the relevant approval from the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), upon the completion of the H share listing, 69,000,000 domestic shares held by Xinjiang Non-ferrous Group were converted into an equivalent number of H shares which par value was RMB0.25 and transferred to the National Council for Social Security Fund of the PRC. Total capital increased to RMB552,500,000.00 after this issue.

On 9 March 2016, Shaanxi Honghao transferred all 6,272,000 domestic shares that it held in the Company to Shaanxi Guangyou Trading Co., Ltd. (hereinafter referred to as the “Shaanxi Guangyou”) through negotiated assignment.

The Group is principally engaged in the mining, ore processing, smelting, refining of nickel, copper, and vanadium, and sales of nickel, copper, and other non-ferrous metal products.

These financial statements were authorized for issue by the Company’s Board of Directors on 28 March 2025.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis for the preparation

The Group's financial statements have been prepared on the basis of transactions and events that actually occurred, in accordance with the *Accounting Standards for Business Enterprises*, its Application Guidelines, Interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions* (2023 Revision) of Financial Reports issued by the China Securities and Regulatory Commission disclosure related requirements for the preparation.

The disclosure of certain related matters in the financial statements has been made in accordance with the requirements of the *Hong Kong Companies Ordinance*.

### 2. Going concern

The Company has a recent history of profitable operations supported by financial resources and considers it reasonable to prepare its financial statements on a going-concern basis.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics include the method of providing for expected credit losses on receivables, the valuation method of inventories, depreciation of property, plant, and equipment, amortization of intangible assets and right-of-use assets, judgmental criteria for the capitalization of development expenditures, impairment of long-term assets, and recognition and measurement of income.

### 1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly, completely reflect the consolidated and Company's financial position as of 31 December 2024 and the consolidated and Company's results of operations and cash flows for the year ended 31 December 2024, and other related information.

### 2. Accounting year

The accounting year of the Group is from 1 January to 31 December of the calendar year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 3. Recording currency

The recording currency of the Company is Renminbi (RMB). The financial statements are presented in RMB.

### 4. Methodology for determining materiality criteria and basis for selection

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The disclosures in the notes to the financial statements that involve materiality judgments and the methodology for determining and selecting the materiality criteria are as follows:

Disclosures involving materiality criteria judgments	Methodology for determining materiality criteria and basis for selection
Significant Important accounts receivable with single provision for bad debt reserves	The single provision amount accounts for more than 10% of the total bad debt provision for various receivables and the amount of more than RMB1 million.
Significant bad debt provision recovery or reversal	The single recovery or reversal amount accounts for more than 10% of the total bad debt reserves of various receivables and the amount of more than RMB1 million.
Significant accounts receivable write-off	The single write-off amount accounts for more than 10% of the total amount of various receivables and the amount of more than RMB1 million.
Accounts payable/other payables aging over 1 year	Single accounts payable/other payables aging over 1 year accounted for more than 10% of total accounts payable/other payables and the amount of more than RMB1 million.
Significant construction projects in progress	Single construction-in-progress project budget of more than RMB40 million.
Significant estimated liabilities	Expected liabilities of a single type account for more than 1% of the total estimated liabilities and the amount exceeds RMB20 million.
Significant joint ventures or associates	The book value of long-term equity investments in a single invested entity accounts for more than 2% of the Group's net assets and the amount is more than RMB100 million.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 5. Accounting for business combinations under common control and not under common control

#### (1) Business combinations involving entities under common control

The consideration paid and net assets obtained by the combining party in a business combination are measured at the book value. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid, and net assets obtained by the combining party are measured based on the book values of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

#### (2) Business combinations involving entities not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Preparation of consolidated financial statements

In preparing the consolidated financial statements, the scope of consolidation includes the Company and all subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and its subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions, and unrealized profits are eliminated in the consolidated financial statements. The portion of the subsidiaries' shareholders' equity, net profit or loss for the period and comprehensive income that is not attributable to the Company's ownership is presented separately in the consolidated financial statements under shareholders' equity, net profit or loss, and total comprehensive income attributable to minority shareholders as minority interest, minority profit or loss, and total comprehensive income attributable to minority shareholders, respectively. If the minority shareholders' share of the subsidiary's current loss exceeds the minority shareholders' share of the subsidiary's owners' equity at the beginning of the period, the balance is eliminated to reduce the minority shareholders' equity.

Unrealized gains or losses on internal transactions, if they are caused by the sale of assets by the Company to a subsidiary, are fully offset against net income attributable to shareholders of the parent company; if they have resulted from the sale of assets by a subsidiary to the Company, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the Company's allocation to that subsidiary; if they arise from the sale of assets between subsidiaries, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the parent company's allocation to the seller's subsidiary.

A transaction will be adjusted from the perspective of the Group in the condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 8. Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date; exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets; and other exchange differences are recognized directly in profit or loss for the current period. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### 9. Financial instruments

A financial instrument refers to any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of the other parties. The Group recognizes a financial asset or a financial liability when the Group becomes a party to the contractual provisions of a financial instrument.

#### (1) Financial assets

##### 1) Classification & Measurement

According to the business model of financial assets management and the contractual terms of the cash flows of financial assets, the Group classifies its financial assets in the following categories: (1) financial assets carried at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or provision of services that do not contain or consider significant financing components, the Group recognizes them initially at the amount of the consideration to which it expects to be entitled.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### 1) Classification & Measurement (Continued)

###### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the issuers' perspective. There are three categories into which the Group classifies its debt instruments:

###### Measured at amortized cost:

The group's business model for managing such financial assets is to collect the contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. That is, the cash flows generated on a specific date, represent solely payment of the principal and interest on the outstanding principal amount. The Group recognizes interest income for such financial assets in accordance with the effective interest method. Such financial assets mainly include cash and bank, notes and trade receivables, other receivables, debt investment, and long-term receivables. The investment of debt and long-term receivables of the group that matures within one year since the balance sheet date (including one year) are presented as non-current assets that mature in one year, while debt investments of which the period is within one year (including one year) are presented as other current assets.

###### Measured at fair value through other comprehensive income:

The Group's business model for managing such financial assets is achieved both by collecting contractual cash flows and from the sale of these assets. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by the effective interest method are recognized in the current profit and loss. Such financial assets mainly include receivables financing, other debt investments, etc. The Group's other debt investments with a maturity of within one year (including one year) from the balance sheet date are shown as non-current assets due within one year; other debt investments with a maturity of within one year (including one year) at the time of acquisition are shown as other current assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### 1) Classification & Measurement (Continued)

Measured at fair value through profit or loss:

The Group classifies debt instruments held that are not classified as at amortized cost and at fair value through other comprehensive income as at fair value through profit or loss. In order to eliminate or significantly reduce accounting mismatch on initial recognition, the Group designates part of financial assets as financial assets at fair value through profit or loss. The assets with a maturity of more than 1 year and expected to be held for more than 1 year are presented in other non-current financial assets, others are presented in financial assets held for trading.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control, or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held for over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading is designated as financial assets at fair value through other comprehensive income upon initial recognition under other investments in equity instruments. The relevant dividend income of such financial assets is recognized in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### 2) *Impairment of financial assets*

The Group recognizes loss provisions based on expected credit losses for financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, and financial guarantee contracts.

The Group recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under a contract and the cash flows expected to be received, weighted by the risk of default, considering reasonable and substantiated information about past events, current conditions and projections of future economic conditions that are available at the balance sheet date without undue additional cost and effort.

For notes receivable, accounts receivable, financing receivables, and contract assets arising from ordinary operating activities, such as sales of goods and rendering of services, the Group measures the loss allowance based on lifetime expected credit losses, regardless of whether there is a significant financing component. For lease receivables, the Group also elects to measure the loss allowance based on lifetime expected credit losses.

Except for notes receivable, accounts receivable, financing receivables, contract assets, and lease receivables mentioned above, at each balance sheet date, the Group measures separately the expected credit losses on financial instruments in different stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the financial instrument is in stage 1, and the Group measures the loss allowances based on the expected credit losses in the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition, but credit impairment has not occurred, the financial instrument is in stage 2, and the Group measures the loss allowances based on the expected credit losses over the entire life of the instrument; and if a financial instrument has been impaired since initial recognition, the financial instrument is in stage 3, and the Group measures the loss allowances based on the expected credit losses over the entire life of the instrument.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### 2) Impairment of financial assets

For financial instruments with low credit risk at the balance sheet date, the Group assumes that there has been no significant increase in credit risk since initial recognition, recognizes them as financial instruments in stage 1, and measures the loss allowances based on the expected credit losses in the next 12 months.

The Group calculates interest income on financial instruments in stages 1 and 2 on the basis of their book balance before the provision for impairment and the effective interest rate. For financial instruments in stage 3, interest income is calculated on the basis of their book balance less amortized cost after provision for impairment and the effective interest rate.

When information on expected credit losses cannot be assessed at a reasonable cost for a single financial asset, the Group classifies receivables into portfolios based on credit risk characteristics, calculates expected credit losses on a portfolio basis, and determines the portfolios on the following basis:

Related party portfolio	Related party customers
Unrelated party portfolio	Unrelated party customers

For the receivables, lease receivables, notes receivable, and financing receivable derived from daily business activities such as sales of goods and rendering of services, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and based on the exposure at default and lifetime expected credit loss rate throughout its lifetime. The other notes receivable, financing receivable and other receivables, and long-term receivables are divided into groups, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic conditions, and based on the exposure at default and lifetime expected credit loss rate within the next 12 months or throughout its lifetime.

The Group recognizes the gains or losses in profit or loss of the provision or reversal of the impairment. In the case of a debt instrument held at fair value through other comprehensive income, the Group adjusts other comprehensive income while recording gain or loss in profit and loss.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (1) Financial assets (Continued)

##### 3) *Derecognition of financial assets*

A financial asset is derecognized when any of the below criteria are met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

Upon derecognition of investments in other equity instruments, the difference between their book value and the sum of the consideration received and the accumulated changes in fair value that had been recognized directly in other comprehensive income is recognized in retained earnings, as derecognizing the remaining financial assets, it is recognized in profit or loss.

#### (2) Financial liabilities

Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly financial liabilities measured at amortized cost, including notes payable, accounts payable, other payables, borrowings and bonds payable, etc. The financial liabilities are initially measured at fair value exclusive transaction costs and are subsequently measured at the effective interest rate method. Financial liabilities with maturities within 1 year (including one year) are presented in current liabilities. Financial liabilities with maturities of more than 1 year but are due within 1 year (including one year) at the balance sheet date are presented in the current portion of non-current liabilities. Others are presented in non-current liabilities.

When the present obligation of financial liabilities is discharged in whole or in part, the Group shall derecognize the financial liabilities or the portion of the obligation that is discharged. The difference between the book value of the derecognized portion and the consideration paid is recognized in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Financial instruments (Continued)

#### (3) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. For the financial instrument that is not traded in an active market, the fair value is determined by using a valuation technique with enough available data and other information to support the current situation. The Group selects the market inputs of the assets or liabilities that have consistent features of the assets or liabilities traded by market participants and makes the maximum use of observable market inputs. Where relevant observable inputs are not available or not practicable to obtain, unobservable inputs shall be used.

### 10. Inventories

#### (1) Classification

Inventories include raw materials, work in progress, semi-finished goods and finished goods are measured at the lower of cost and net realizable value.

#### (2) Valuation method of issued inventories

Cost is determined using the weighted average method. The costs of finished goods, self-made semi-finished goods and work in progress comprise the costs of raw materials, direct labor, and systematically allocated production overhead based on the normal production capacity.

#### (3) Basis for determining net realizable values of inventories and method for making provision for a decline in the value of inventories

Provision for a decline in the value of inventories is made for the excess of the cost of inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated contract performance costs, selling expenses, and related taxes.

#### (4) Inventory system

The Group adopts the perpetual inventory system.

#### (5) Amortization method for low-value consumables and packaging

Low-value consumables are amortized using the step-by-step amortization method, and packaging materials are amortized using the one-time write-off method.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries and the Group's long-term equity investments in its joint ventures.

Subsidiaries are investees over which the Company can exercise control. A joint venture is a joint arrangement entered into by the Group through a separate entity over which the Group can exercise joint control with other parties and over which the Group has rights only to the net assets by virtue of legal form, contractual terms, and other facts and circumstances.

Investments in subsidiaries are presented in the Company's financial statements using the cost method and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures are accounted for using the equity method. Accounting policies of joint ventures are consistent with the policies adopted by the Group.

#### (1) Determination of investment cost

For long-term equity investments acquired through a business combination involving entities under common control, the investment cost shall be the share of the book value of owners' equity of the combined party in the ultimate controlling party's consolidated financial statements at the combination date; for long-term equity investment acquired through a business combination involving entities not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

#### (2) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Long-term equity investments (Continued)

#### (2) Subsequent measurement and recognition of related profit and loss (Continued)

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of the net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the book value of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognizing the losses it is expected to bear. Changes in the owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be adjusted to the book value of the long-term equity investment and credited to the capital reserve. The book value of long-term equity investments shall be reduced accordingly to the Group's share of profits or cash dividends distributed by the investee when the distribution is declared.

The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees and then based on which the investment gains or losses in the Company's financial statements are recognized. In preparing the consolidated financial statements, for the portion of unrealized gains and losses on internal transactions attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investee, the Group shall offset the portion of unrealized revenues and costs or gains or losses on the disposal of assets attributable to the Group on the basis of offsetting in the financial statements of the Company and shall adjust the investment income accordingly. For the portion of unrealized gains and losses on internal transactions attributable to the Group arising from countercurrent transactions in which the investee invests in or sells assets to the Group, the Group shall, on the basis of the offsetting in the financial statements of the Company, offset the portion of unrealized gains and losses on internal transactions attributable to the Group included in the book value of the relevant assets, and adjust the book value of long-term equity investments accordingly. For the losses on the intra-group transactions amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Long-term equity investments (Continued)

#### (3) Basis for determining the existence of control, joint control, or significant influence over investees

Control means having power over the investee, the rights to variable returns from involvement in the investee's related activities, and the ability to use power over the investee to affect the amount of those returns.

Common control is control over an arrangement that is shared in accordance with the relevant agreement and where the relevant activities of the arrangement require the unanimous agreement of the Group and the other participants sharing control before decisions can be made.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

#### (4) Impairment of long-term equity investments

Long-term equity investments in subsidiaries and joint ventures are recorded at book value by reducing the book value to the recoverable amount when the recoverable amount is lower than the book value (Note III.20).

### 12. Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for leasing, and buildings that are being constructed or developed for future use for leasing, are initially measured by cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss for the period in which they are incurred.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 12. Investment properties (Continued)

The Group adopts the cost model for subsequent measurement of all investment properties, using the straight-line method and depreciating or amortizing buildings and land use rights based on their estimated useful lives and net residual value rates. The estimated useful lives, net residual values rates, and annual depreciation (amortization) rates of investment properties are shown below:

Type	Period of depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Land use rights	50	0.00	2.00
Buildings	50	5.00	1.90

When an investment property is transferred to an owner-occupied property, it is reclassified as a fixed asset or intangible asset from the date of changing its use. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties from the date of changing its use. When such conversion occurs, the book value before the conversion shall be taken as the entry value after the conversion.

The estimated useful lives, estimated net residual values and depreciation (amortization) method of the investment property are reviewed and adjusted as appropriate at the end of each year.

When the investment property is disposed of or permanently withdrawn from use and no economic benefit is expected from its disposal, the recognition of the investment property shall be terminated. The amount of disposal of the investment property from sale, transfer, scrapping, or destruction shall be included in the current profit and loss after deducting its carrying value and relevant taxes and fees.

When the recoverable amount of investment properties is less than the book value, the book value is written down to the recoverable amount (Note III.20).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Fixed assets

#### (1) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, mining structures, machinery, motor vehicles, and electronic and office equipment.

Fixed assets are recognized when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganization of the Company into a corporation entity are recognized based on the evaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The book value of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

#### (2) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives but mining structures. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based on the adjusted carrying amounts over their remaining useful lives.

The estimated service life, net residual value, and annual depreciation rate of fixed assets outside the construction of the tunnel are listed as follows:

No.	Type	Period of depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
1	Buildings	5-50	3 or 5	1.90-19.00
2	Machinery	5-30	3 or 5	3.23-19.40
3	Transportation equipment	4-15	3 or 5	6.47-24.25
4	Electronic and office equipment	3-20	3 or 5	4.75-31.67

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Fixed assets (Continued)

#### (2) Depreciation methods of fixed assets (Continued)

Mining structures comprise the main and auxiliary mine shafts and underground tunnels. Depreciation of mining structures is provided using the output method.

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted as appropriate at least at each year-end.

#### (3) Impairment of fixed assets

When the recoverable amount of a fixed asset is less than the book value, the book value is written down to the recoverable amount (Note III.20).

#### (4) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal sale, transfer, retirement, or damage of a fixed asset net of its book value and related taxes and expenses is recognized in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 14. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins the following month. When the recoverable amount of construction in progress is less than the book value, the book value is written down to the recoverable amount (Note III.20).

Construction in progress is transferred to fixed assets when it reaches its intended useable condition, based on the following criteria:

Item	Criteria for carrying forward to fixed assets
Buildings	From the date of reaching the intended state of use
Machinery	Complete the installation and commissioning, meet the design requirements and complete trial production

### 15. Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally, and the interruption lasts for more than 3 months until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by deducting any interest earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings used, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the period of expected duration or shorter period are applied discounted to the initial amount of the borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 16. Intangible assets

Intangible assets include mining rights, exploration rights, land use rights, and others, and are initially measured at cost or fair value.

#### (1) Mining rights

Mining rights are stated at the actual cost, while those mining rights acquired by the business combination are first recognized at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Once the mineral object has been formally mined, the mining rights are amortized on the output method.

#### (2) Exploration rights

Exploration rights are acquired by business combinations involving enterprises not under common control are recognized at the fair value at the acquisition date. Upon transformation to mining rights, accounting policies relating to mining rights are used to account for them.

#### (3) Land use rights

Land use rights invested by the share shareholders holders are recognized at the value agreed by all the shareholders unless the agreed value is not fair. Purchased land use rights are stated at actual cost, while land use rights acquired by the business combination are recognized at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Land use rights are amortized on a straight-line basis over the period of the land use rights varying from 10 to 70 years.

#### (4) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, a review of its useful life and amortization method is performed at each year-end, with adjustments made as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 16. Intangible assets (Continued)

#### (5) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial, and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Development expenditures that do not meet the above criteria are recognized in profit or loss as incurred. Development costs charged to profit or loss in prior periods are not re-recognized as assets in subsequent periods. Expenditures in the development stage that have been capitalized are presented as development expenditures on the balance sheet and are transferred to intangible assets from the date the project reaches its scheduled use.

#### (6) Impairment of intangible assets

When the recoverable amount of the intangible asset is less than the book value, the book value is written down to the recoverable amount (Note III.20).



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 17. Exploration assets and filling costs

The Group's exploration assets include topographical and geological exploration, exploration drilling, sampling, trenching and relevant commercial and technical feasibility study, and the expenditure arising from expanding existing orebody exploration and improving the orebody productivity.

At the initial stage of the exploration project, exploration and evaluation expenditures are recognized in profit or loss when they occur. When the project has technical feasibility and commercial feasibility, the exploration and evaluation expenditures (including the cost of purchasing the mineral exploration right) are capitalized into exploration and evaluation assets by individual projects.

Exploration and evaluation assets are recorded in construction in progress, transferred to fixed assets or intangible assets at the date that the assets are ready for their intended use, and are depreciated or amortized over the term of the rights. When the project is aborted, the relevant unrecoverable cost will be written off and recognized in profit or loss when it occurred.

Infill costs incurred after the extraction of the deposit are included in production costs.

### 18. Goodwill

Goodwill is recognized at the excess of the cost of a business combination involving enterprises not under common control over the interest in the fair value of the acquirees' identifiable net assets acquired in the business combination as at the acquisition date.

### 19. Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on a straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 20. Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment property measured by cost method, and long-term equity investments in subsidiaries, joint ventures, and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. For intangible assets which have not been ready to use, regardless of the existence of the indicators of impairment losses, the impairment tests should be carried out annually. If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, a provision for impairment and an impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that can generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the book value of goodwill is allocated to the related asset groups or groups of asset groups that are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its book value, the corresponding impairment loss is recognized.

The impairment loss is first deducted from the book value of goodwill that is allocated to the asset group or group of asset groups and then deducted from the book value of other assets within the asset groups or groups of asset groups in proportion to the book value of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

### 21. Employee benefits

Employee benefits mainly include short-term employment benefits, post-employment benefits, and termination benefits incurred in exchange for service rendered by employees or labor relations terminated.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 21. Employee benefits (Continued)

#### (1) Short-term employment benefits

Short-term employment benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labor union funds, employee education funds, short-term payable leaves, etc. Short-term employment compensation is recognized as salaries and wages payable in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable. Non-monetary benefits are measured at fair value.

#### (2) Post-employment benefits

Post-employment benefits are classified as defined contribution plans and defined benefit plans. A defined contribution is a post-employment benefits plan in which the Group is not obliged to make further payments after paying a certain amount to individual funds. Defined benefit plans are other post-employment benefits plans except for defined contribution plans. During the period, post-employment benefits mainly include basic social pension security, unemployment insurance and enterprise supplementary pension those of which are defined contribution plans.

##### *Basic pension benefits*

Employees of the Group participate in the defined contribution pension plan set up and administered by local labor and social security departments. Based on the salaries of the employees, basic pensions are provided monthly according to stipulated proportions, which are paid to local labor and social security institutions. After the employees are retired, the local labor and social security departments have the responsibility to pay basic pension benefits to them. Basic pension benefits are recognized as payables in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable.

#### (3) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expires, or compensation is provided as an offer to encourages employees to accept voluntary redundancy. The Group recognizes termination benefits as liabilities and charges to profit or losses at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of termination plan; and (ii) when the Group recognizes costs for a restructuring which involves the payment of termination benefits.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 22. Share-based payment

#### (1) Cash-settled share-based payment

The Group's stock appreciation rights plan is a cash-settled share-based payment, which is measured at the fair value of the liabilities assumed by the Group based on the Company's shares. The cash-settled share-based payment shall be exercised only after completing the service within the waiting period and meeting the specified performance conditions. On each balance sheet date of the waiting period, the option shall be based on the best estimate of the vesting situation and shall be borne by the Group in accordance with the fair value of liabilities, the services obtained in the current period are included in costs or expenses, and liabilities are increased accordingly. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is re-measured, and the changes are included in the current profit or loss.

#### (2) Basis for recognizing the best estimate for unlockable or exercisable equity instruments

On each balance sheet date of the waiting period, the Group makes the best estimate based on the latest follow-up information such as the change in the number of employees who can be unlocked or vested, and revise the estimated number of equity instruments that can be unlocked or vested. On the unlockable or exercisable date, the final estimated number of unlockable or exercisable equity instruments is consistent with the actual number of unlockable or exercisable equity instruments.

### 23. Special payables

Special payables are the special or specific purpose funds that the Group obtained from governments as the owner of the enterprise, which should be included in the special payables when the funds are received. After the completion of the specific project, the expenditure that forms assets is recognized as deferred income according to actual costs. Other expenditures that do not form assets, which need to be handed in or written off, should be written down from the special payables after approval.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Dividends distribution

Cash dividend is recognized as a liability for the period in which the dividend is approved by the annual general meeting.

### 25. Provisions

Certain present obligations are required as a result of events that have already occurred and are recognized as provisions when it is probable that an outflow of economic benefits will result from the performance of the operation and the amount can be measured reliably. Provisions for closure of tailings and environmental restoration are recognized when the Group has a present obligation, an outflow of economic benefits will probably be required to settle the obligation, and the amount of the obligation can be measured reliably. Asset retirement obligations which meet the criteria of provisions are recognized as provisions and the amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related fixed assets of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the fixed assets. Interest expenses from the assets retirement obligations for each period are recognized with the effective interest method during the useful lives of the related fixed assets. If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in the income statement when occurred.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are considered in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from the passage of time is recognized as interest expense.

The book value of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 26. Revenue recognition

The Group recognizes revenue in accordance with the amount of the consideration to be received when customers acquire control of the relevant commodity.

#### (1) Sales of goods

Sales are recognized when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected the products and signed acceptance notices. There is no significant financing component as the sales are made with a credit term varied by customers' credit risk characteristics, which is consistent with market practices. Advance received from customers is presented as contract liabilities in the balance sheet.

### 27. Safety production costs

Pursuant to "Management Measures of Accrual and Use of Safety Production Costs of Business Enterprises" (Caizi [2022] No.136) issued by the Ministry of Finance, the Group is required to accrue safety production costs. Safety production costs are earmarked for improving the safety of production.

Pursuant to "Accounting Standards for Business Enterprises Interpretation No. 3" (Caikuai [2010] No.8) issued by the Ministry of Finance on 21 June 2010, enterprises in high-risk industries should accrue safety production costs under China's law and regulation, include the costs in production costs or current profit or loss, and credit them to special reserves. When the Group uses the extracted safety production cost, if it is an expense, it should be directly offset against the special reserves. The safety production costs of the Group that is formed into fixed assets through a collection of construction in progress are recognized as fixed assets when the safety projects are completed and reach the expected conditions for use; at the same time, the special reserve is written down through the costs of formed fixed assets, and the same amount of accumulated depreciation is recognized. For these fixed assets, there will be no further depreciation in the following accounting periods.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax returns, financial subsidies, etc.

Government grants are recognized when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of long-term assets. Government grants related to income refer to government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets or recorded as deferred income and recognized in profit or loss on a systematic, reasonable over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses, or losses are recorded as deferred income and recognized in profit or loss, or deducted against related costs, expenses, or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss, or deducted against related costs directly in the current period. The Group applies the presentation method consistently to similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 29. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences between the tax bases of assets and liabilities and their book values (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses, and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses, and tax credits can be utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures, and associates, except where the Group can control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures, and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and deferred tax liabilities that also meet the following conditions are presented net of offsetting amounts:

- the deferred tax assets and liabilities are related to the same taxpayer within the Group and the same taxation authority; and
- that taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 30. Leases

Leases refer to a contract in which the lessor transfers the right to use the assets to the lessee for consideration in a certain period.

#### The Group as the lessee

The Group recognizes the right to use assets at the beginning of the lease term and recognizes the lease liabilities by the present value of unpaid lease payments. Lease payments include fixed payments and payments to be made in the case of a reasonable determination of the exercise of the purchase option or termination of the lease option. The variable rent determined according to a certain proportion of sales volume is not included in the rental payment amount but is included in the current profit and loss when it occurs. The Group's lease liabilities payable within one year (including one year) from the balance sheet date are listed as non-current liabilities due within one year.

Right-of-use assets of the Group comprise leased buildings and land use rights. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, and any initial direct costs, less any lease incentives received. If the Group is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation is provided over the remaining useful life of the leased asset; if it cannot be reasonably certain that the ownership of leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life. When the recoverable amount is less than the book value of the right-of-use asset, the Group writes down the book value to its recoverable amount.

For short-term leases with a lease term not exceeding 12 months and leases of low-value assets with a low brand-new value of a single asset, the Group chooses not to recognize right-of-use assets and lease liabilities and to recognize the related rental expenses in profit or loss or costs of the related assets on a straight-line basis over each period of the lease term.

#### The Group as the lessor

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of a leased asset is a finance lease. Others are classified as operating leases.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 30. Leases (Continued)

#### The Group as the lessor (Continued)

##### (1) Operating lease

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, the rental income therefrom is recognized on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognized in rental income as incurred.

When the lease is changed, the Group regards it as a new lease from the effective date of the change and regards the advance receipts or lease receivables related to the lease before the change as the receipts for the new lease.

### 31. Fair value measurement

The Group measures investments in equity instruments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities.

The fair value of financial instruments traded in an active market is determined at the quoted market price, and for financial instruments that are not traded in an active market, the Group determines the fair value using valuation techniques and the valuation models used are mainly discounted cash flow models. The inputs to the valuation techniques consist mainly of the risk-free rate, credit premium, and liquidity premium for debt and the valuation multiplier and liquidity discount for equity.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 31. Fair value measurement (Continued)

The fair value of level 3 is determined based on the Group's valuation models, such as discounted cash flow models. The Group also considers the initial transaction price, recent transactions in identical or similar financial instruments, or full third-party transactions in comparable financial instruments. As at 31 December 2024, level 3 financial assets measured at fair value are valued using significant unobservable inputs such as discount rates, but the fair value is not materially sensitive to reasonable changes in these significant unobservable inputs.

The Group uses the net asset value at the balance sheet date to determine the fair value of unlisted equity investments.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether a transition between the fair value measurement hierarchy has occurred.

### 32. Segment information

The Group determines operating segments based on its internal organizational structure, management requirements, and internal reporting system, and determines reporting segments and discloses segment information based on operating segments.

An operating segment is a component of the Group that also meets the following conditions: (1) the component is capable of generating income and incurring expenses in the ordinary course of its activities; (2) the Group's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) the Group has access to accounting information on the financial position, operating results and cash flows of the component. Two or more operating segments may be combined into one operating segment if they have similar economic characteristics and meet certain conditions.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 33. Significant accounting estimates and judgments

The Group continuously evaluates critical accounting estimates and critical judgments used, based on historical experience and other factors, including reasonable expectations of future events.

#### (1) Critical judgments in applying accounting policies

##### 1) *Classification of financial assets*

The significant judgments involved in determining the classification of the Group's financial assets include, among others, analyses of business models and contractual cash flow characteristics.

The Group determines the business model for managing financial assets at the portfolio level, taking into account factors such as the manner in which the performance of the financial assets is evaluated and reported to key management personnel, the risks affecting the performance of the financial assets and the manner in which they are managed, and the manner in which the management of the underlying business is remunerated.

The following key judgments exist when the Group assesses whether the contractual cash flows of a financial asset are consistent with the underlying lending arrangement: whether it is probable that the principal amount will change in time distribution or amount over the life of the asset, for example, as a result of early repayment; and whether the interest rate includes only the time value of money, credit risk, other fundamental borrowing risks, and considerations for costs and profits. For example, whether the amount of the early repayment reflects only the outstanding principal and interest based on the unpaid principal, as well as reasonable compensation paid for early termination of the contract.

##### 2) *Judgment of significant increase in credit risk*

In distinguishing different stages in which the financial instruments are held, the Group's judgments of significant increases in credit risk and credit impairment are set out below:

The Group's main criteria for determining a significant increase in credit risk are the overdue days exceeding 180 days, or significant changes in one or more of the following indicators: the operating environment in which the debtor operates, internal or external credit ratings, actual or expected results of operations, or significant decreases in the value of the guarantee or the credit rating of the guarantor.

The Group's main criteria for determining that credit impairment has occurred are that the overdue days are more than 360 days (i.e., a default has occurred) or that one or more of the following conditions have been met: the debtor is experiencing significant financial difficulty, other debt restructuring, or it is probable that the debtor will be insolvent, among other things.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 33. Significant accounting estimates and judgments (Continued)

#### (2) Critical accounting estimates and their key assumptions

The following critical accounting estimates and key assumptions have a significant risk of causing a material adjustment to the book value of assets and liabilities in the next accounting year:

##### 1) *Accounting estimates for provision for impairment of non-current assets*

When the Group performs impairment tests on fixed assets, construction in progress, land use rights, mining rights, and prospecting rights for which there are indications of impairment when the results of the impairment tests indicate that the recoverable amount of an asset is less than its book value, a provision for impairment is made for the difference and the difference is recognized as an asset impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The calculation of the recoverable amount requires the application of accounting estimates (Note V.12, 15).

If management revises the growth rates used in the calculation of future cash flows of an asset group and the revised rates are lower than those currently used, the Group needs to increase the provision for impairment for fixed assets.

If management revises the gross profit margins used in the calculation of future cash flows of an asset group and the revised margins are lower than those currently used, the Group needs to increase the provision for impairment for fixed assets.

If management revises the discount rates used for discounting cash flows and the revised rates are higher than those currently used, the Group needs to increase the provision for impairment of fixed assets.

The Group cannot reverse the recognized impairment loss on fixed assets if the actual growth rate and gross profit margin had been higher or the actual discount rate had been lower than management's estimate.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 33. Significant accounting estimates and judgments (Continued)

#### (2) Critical accounting estimates and their key assumptions (Continued)

##### 2) *Accounting estimates on impairment of goodwill*

The Group tests goodwill for impairment annually. The recoverable amount of an asset group or a portfolio of asset groups containing goodwill is the higher of the fair value of the asset group or portfolio of asset groups, less costs of disposal, and the present value of its estimated future cash flows, which is calculated using accounting estimates (Note V.16).

In 2024, the Group determined the recoverable amount of goodwill arising from the acquisitions of Xinjiang Yakesi Resources Development Co., Ltd. (hereinafter referred to as Xinjiang Yakesi) and Hami Jubao Resources Development Co., Ltd. (hereinafter referred to as Hami Jubao) by using the present value of the estimated future cash flows. The growth rates, gross profit margins, and discount rates used in the projected future cash flows are also subject to uncertainty due to the uncertainty of future production volumes, prices, costs, and other parameters as a result of technological improvements, changes in policies, and economic conditions.

Management revises the growth rate used in the calculation of future cash flows for an asset group or a portfolio of asset groups, and if the revised growth rate is lower than the one currently used, the Group is required to increase the provision for impairment for goodwill.

If management revises the gross profit margins used in the calculation of future cash flows for an asset group or a portfolio of asset groups and the revised gross profit margins are lower than the ones currently used, the Group is required to increase the provision for impairment for goodwill.

The Group cannot reverse the impairment loss on goodwill originally provided if the actual growth rate and gross profit margin are higher or the actual discount rate is lower than management's estimate.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 33. Significant accounting estimates and judgments (Continued)

#### (2) Critical accounting estimates and their key assumptions (Continued)

##### 3) Income taxes

The Group pays corporate income tax in multiple jurisdictions. In ordinary operating activities, uncertainty exists in the ultimate tax treatment of certain transactions and events. Significant judgment is required when the Group is accounting for income tax expenses in each region. If the final determination of these tax matters results in a difference from the amounts initially recorded, the difference will affect the amount of income tax expense and deferred income tax in the period in which such final determination is made.

In accordance with the accounting policies described in III.29, the Group prepares profit forecasts on an annual basis and recognizes corresponding deferred tax assets in respect of the deductible losses and deductible temporary differences that can be set off against taxable income in subsequent years in accordance with the provisions of the tax law.

The estimation of deferred tax assets requires the estimation of taxable income and applicable tax rates for each subsequent year, and the realization of deferred tax assets depends on whether it is probable that the Group will generate sufficient taxable income in the future. Future changes in tax rates and the timing of reversal of temporary differences may also affect income tax expenses as well as the balance of deferred income taxes. Changes in the above estimates could result in significant adjustments to deferred income taxes.

As at 31 December 2024, the Group recognized a total of RMB61,921,100.14 in deferred income tax assets. As mentioned in Note V.19. (4), as at 31 December 2024, the Group has unrecognized deductible losses amounting to RMB43,288,437.92. Deferred income tax assets have also not been recognized by these companies as they are in a loss-making position and it is highly uncertain whether it is probable that sufficient taxable income will be available to offset the losses in future periods or it is more likely than not that the losses will be approved by the Revenue Department. If the future taxable income of these companies is more or less than currently expected, or if the losses are approved by the Revenue Department, the Group will be required to further recognize or reverse the deferred tax assets.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 33. Significant accounting estimates and judgments (Continued)

#### (2) Critical accounting estimates and their key assumptions (Continued)

##### 4) *Useful life of fixed assets and intangible assets*

The management of the Group determines the estimated useful lives, the related depreciation and amortization of fixed assets and intangible assets. The estimate is calculated based on past experiences of the actual useful lives of fixed assets and intangible assets of similar nature and function and may change significantly due to technological innovations and competitors' responses to severe industry cycles. If the useful life is shorter than previously estimated, the management will re-estimate the useful life.

##### 5) *Mineral reserves*

Given the subjective judgement involved in the preparation of information on mineral reserves, it is not possible to achieve a high degree of precision in the technical estimation of the Group's mineral reserves, which can only be estimated to approximate figures.

The Group is required to follow a number of authoritative guidelines on technical standards before an estimated mineral reserve can be identified as "proven" and "probable". Estimates of proven and probable reserves are updated regularly, and recent production and technical data from individual mines are taken into account. In addition, estimates of proven and probable mineral reserves are subject to change as prices and costs change from year to year. For accounting purposes, these changes are treated as changes in accounting estimates and are reflected in the relevant depreciation rates on a prospective basis.

Despite the inherent limitations of these reserve estimation techniques, these estimates are used to determine depreciation expenses and impairment losses. Depreciation rates are determined on the basis of proved developed economically mineable reserves at the end of the period and current mine ore production. The capitalized cost of mining structures is amortized over the non-ferrous units produced.

##### 6) *Measurement of expected credit losses*

The Group calculates expected credit losses by using default exposures and expected credit loss rates, and determines the expected credit loss rate based on the probability of default and the default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience and adjusts the historical data for current conditions and forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 34. Significant changes in accounting policies and accounting estimates

#### (1) Significant changes in accounting policies

The Group had no significant changes in accounting policies during the year.

#### (2) Significant changes in accounting estimates

The Group had no significant changes in accounting estimates during the year.

## IV. TAXATION

The principal categories and tax rates applicable to the Group are presented below:

Tax category	Basis for taxation	Tax rate/Tax amount
		Levy rate
Value added tax (VAT)	Taxable value-added amount (except for the simplified taxation, the taxable amount is calculated using the taxable sales amount multiplied by the effective tax rate less deductible input tax of the current period)	5%, 6%, 9%, 13%
Resource tax	Sales volume of taxable resource products	4%; 8%
City maintenance and construction tax	Turnover tax payable	5%; 1%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Property tax	Taxable residual value, taxable rental income	1.2%; 12%
Land use tax	Actual area of land in use	RMB12/㎡, RMB4.2/㎡, RMB1.5/㎡, RMB1.05/㎡
Environmental protection tax	Emissions from different items	RMB1.2/unit of pollution equivalent
Corporate income tax	Taxable income	15%, 20%, 25%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IV. TAXATION (CONTINUED)

Descriptions of taxpayers with different corporate income tax rates:

Name of taxpayer	Income tax rate
Xinjiang Xinxin Mining Industry Co., Ltd.	15%
Xinjiang Yakesi Resources Development Co., Ltd.	15%
Hami Jubao Resources Development Co., Ltd.	15%
Xinjiang Kalatongke Mining Co., Ltd.	15%
Xinjiang Mengxi Mining Industry Co., Ltd.	20%
Xinjiang Zhongxin Mining Co., Ltd.	25%
Beijing Xinding Shunze High Technology Co., Ltd.	25%
Shaanxi Xinxin Mining Co., Ltd.	25%

### 1. Corporate income tax

- (1) The Company is a high-tech enterprise in Xinjiang Uygur Autonomous Region. On 1 December 2020, it obtained the certificate of high-tech enterprise jointly issued by the Science & Technology Department of Xinjiang Uygur Autonomous Region, the Department of Finance of Xinjiang Uygur Autonomous Region, and the Xinjiang Autonomous Region Tax Service, State Taxation Administration. The certificate number is GR202065000296, and the validity period is three years. On 16 October 2023, we renewed the certificate of high-tech enterprise jointly issued by the above organizations. The certificate number is GR202365000012, and the validity period is three years. Previously, the Company obtained the certifying document of encouraged industry stating that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region (2023: 15%).
- (2) Xinjiang Yakesi, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Xinjiang Yakesi calculated and paid corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%).
- (3) Hami Jubao, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Hami Jubao calculated and paid corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%).



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IV. TAXATION (CONTINUED)

### 1. Corporate income tax (Continued)

- (4) Xinjiang Kalatongke Mining Co., Ltd. (hereafter “Kalatongke Mining”), a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region. Kalatongke Mining calculated and paid corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%).
- (5) Xinjiang Mengxi Mining Industry Co., Ltd. (hereinafter referred to as Mengxi Mining), a subsidiary of the Company, is subject to a reduced rate of 25% of the annual taxable income and a corporate income tax at a rate of 20% (2023: 20%) in accordance with Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Ministry of Finance and State Taxation Administration Announcement No. 12 of 2023)
- (6) Xinjiang Zhongxin Mining Co., Ltd. (hereinafter referred to as Zhongxin Mining), a subsidiary of the Company, the applicable corporate income tax rate for the year is 25% (2023: 15%).
- (7) Shanghai sales branch and other subsidiaries of the Company, including Beijing Xinding Shunze High Technology Co., Ltd. (hereafter “Beijing Xinding”) and Shaanxi Xinxin Mining Co., Ltd. (hereafter “Shaanxi Xinxin”), the applicable corporate income tax rate for the year is 25% (2023: 25%).

### 2. Value-added tax (VAT)

- (1) Pursuant to the *Announcement on Relevant Policies for Deepening the Reform of Value-added Tax* (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration, the General Administration of Customs) and related regulations promulgated by the Ministry of Finance, the State Taxation Administration, the General Administration of Customs, with effect from 1 April 2019, the VAT output tax rates applicable to the Group’s major product sales business and the leasing business are 13% and 9%, respectively. The simplified levy rate is 5%.

Input VAT paid on purchases of raw materials, fuel, power, equipment, etc. is deductible against output VAT. Value-added tax payable is equal to the output VAT less deductible input VAT of the current period.

- (2) The Company’s Fukang smelter and its subsidiary, Karatunke Mining, will offset the VAT payable in 2024 by adding 5% to the current creditable input tax amount in accordance with the Announcement on the Value-added Tax Additional Deduction Policy for Advanced Manufacturing Enterprises (Announcement of the Ministry of Finance and the State Taxation Administration No. 43 of 2023).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IV. TAXATION (CONTINUED)

### 3. Resource tax

Pursuant to the *Decision of the Standing Committee of the People's Congress of the Xinjiang Uygur Autonomous Region on the Specific Applicable Tax Rate, Method of Taxation, and Measures for Tax Reduction and Exemption on Resource Tax of the Autonomous Region*, the mixed concentrates of the Kalatongke Mining are subject to the resource tax at a rate of 4% of the sales amount of the consumption of the taxable products deemed to be sold, and the massive rich ores are subject to the resource tax at a rate of 8% of the sales amount of the consumption of the taxable products deemed to be sold. Xinjiang Yakesi and Hami Jubao pay resource tax at the rate of 4% on the sales of taxable products for which sales proceeds are received and for which sales proceeds are documented.

### 4. Environmental protection tax

According to the *Notice on Issues Relating to Environmental Protection Tax* (Cai Shui [2018] No. 23), since 1 January 2018, Kalatongke Mining, Xinjiang Yakesi, Hami Jubao, Zhongxin Mining, and Fukang Smelter have been paying environmental protection tax based on the number of pollution equivalents (kg/day) translated from pollutant emissions at RMB1.2/pollution equivalent.

### 5. Land use tax

The Group's subsidiary, Kalatongke Mining, part of its land in use is exempted from land use tax in accordance with the *Notice of the State Taxation Administration on Issues Concerning the Taxation and Exemption of Land Use Tax for Mining Enterprises* (Guo Shui Di Zi[1989]No. 122): "Land use tax shall be exempted for land used for the safety zones of the mining site, the discharge site, the tailings storage, the explosives storage, the road for transporting mine and rocks in the mining area, and the land used for tailings conveying pipelines and the water return system of the mines. The collapsed land caused by mining enterprises extracting underground mines, as well as the land occupied by barren mountains, shall be temporarily exempted from land use tax until it is utilized".

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Except for special notes, for the financial statement data disclosed below, “Opening” refers to 1 January 2024, and “Closing” refers to 31 December 2024. “Current year” refers to the period from 1 January 2024 to 31 December 2024, and “Prior year” refers to the period from 1 January 2023 to 31 December 2023.

### 1. Cash at bank and on hand

Item	Closing balance	Opening balance
Cash at bank	533,765,198.48	553,829,081.81
Total	533,765,198.48	553,829,081.81

### Restricted cash at bank and on hand

Item	Closing balance	Opening balance
Deposits for bank acceptance notes	45,038,625.72	63,808,475.72
Fund for mine environment remediation and restoration	19,834,743.46	6,173,974.81
ETC guarantee	15,800.00	12,000.00
Funds are subject to restrictions on use due to freezing	—	43,969.29
Dedicated accounts and public call deposits	77,692.61	87,892.61
Total	64,966,861.79	70,126,312.43

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	<b>444,342.48</b>	11,000,000.00
Including: structured deposits	–	11,000,000.00
Derivative financial assets	<b>444,342.48</b>	–
Total	<b>444,342.48</b>	11,000,000.00

*Note:* Derivative financial assets at year-end represent assets arising from changes in the fair value of derivative financial instruments – metal trading contracts. Financial assets held for trading at the beginning of the year are capital-guaranteed floating-income structured deposits purchased by the Group from the bank. The Group has no obligation or intention to provide financial support for these products.

### 3. Notes receivable

#### (1) Notes receivable presented by category

Item	Closing balance	Opening balance
Bank acceptances notes	<b>35,557,932.04</b>	9,785,954.00
Total	<b>35,557,932.04</b>	9,785,954.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Notes receivable (Continued)

#### (2) Presentation by bad debt accrual method

Type	Closing balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	35,557,932.04	100.00	–	–	35,557,932.04
Including: Bank acceptances notes	35,557,932.04	100.00	–	–	35,557,932.04
Commercial acceptances notes	–	–	–	–	–
<b>Total</b>	<b>35,557,932.04</b>	<b>100.00</b>	<b>–</b>	<b>–</b>	<b>35,557,932.04</b>

(Continued)

Type	Opening balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	9,785,954.00	100.00	–	–	9,785,954.00
Including: Bank acceptances notes	9,785,954.00	100.00	–	–	9,785,954.00
Commercial acceptances notes	–	–	–	–	–
<b>Total</b>	<b>9,785,954.00</b>	<b>100.00</b>	<b>–</b>	<b>–</b>	<b>9,785,954.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Notes receivable (Continued)

#### (3) Provisions for bad debts on notes receivable accrued, recovered and reversed during the year

As at 31 December 2024, all the notes receivable held by the Group were bank acceptance notes. The Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

#### (4) Pledged notes receivable at year-end

As at 31 December 2024, the Group had no pledged notes receivable presented as notes receivable.

#### (5) Notes receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amounts derecognized at the year-end	Amounts not derecognized at the year-end
Bank acceptances notes	—	28,657,141.84
Total	—	28,657,141.84

#### (6) Notes receivable actually written off during the year

The Group does not have any notes receivable actually written off in 2024.

#### (7) Aging of notes receivable at year-end

On 31 December 2024, the aging of the Group's notes receivable were all within 365 days.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	<b>430,416,685.62</b>	137,079,515.46
Less: Provision for bad debts	<b>4,108,773.13</b>	6,878,015.34
Book value	<b>426,307,912.49</b>	130,201,500.12

The majority of the Group's sales are on credit together with a credit period of no more than 180 days.

### (1) Accounts receivable presented according to their aging at the date of accounting

Aging	Closing book value	Opening book value
Within 1 year (including 1 year)	<b>426,543,500.48</b>	130,702,701.35
1-2 years	<b>13,044.80</b>	459,944.88
2-3 years	<b>149,894.76</b>	310,050.12
3-4 years	–	559,164.12
4-5 years	<b>249,114.00</b>	310,050.12
Over 5 years	<b>3,461,131.58</b>	4,737,604.87
Total	<b>430,416,685.62</b>	137,079,515.46

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method

The Group measures the loss allowance for accounts receivable, regardless of whether there is a significant financing component, based on lifetime expected credit losses.

Type	Closing balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,371,044.41	0.32	137,104.44	10.00	1,233,939.97
Bad debt provision by portfolio	429,045,641.21	99.68	3,971,668.69	0.93	425,073,972.52
Including: Receivables from related party customers	345,383.46	0.08	18,655.45	5.40	326,728.01
Receivables from non-related party customers	428,700,257.75	99.60	3,953,013.24	0.92	424,747,244.51
Total	430,416,685.62	100.00	4,108,773.13	0.95	426,307,912.49

(Continued)

Type	Opening balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	6,612,184.88	4.82	661,218.49	10.00	5,950,966.39
Bad debt provision by portfolio	130,467,330.58	95.18	6,216,796.85	4.77	124,250,533.73
Including: Receivables from related party customers	2,597,760.99	1.90	1,815,640.29	69.89	782,120.70
Receivables from non-related party customers	127,869,569.59	93.28	4,401,156.56	3.44	123,468,413.03
Total	137,079,515.46	100.00	6,878,015.34	5.02	130,201,500.12

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method (Continued)

1) Bad debt provision for accounts receivable on an individual basis

Name	Opening balance		Closing balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Beijing Yuanhang TianHui Zhizaogu Technology Industry Co., Ltd.	6,612,184.88	661,218.49	1,371,044.41	137,104.44	10.00	Balance of unrecovered amounts individually accrued at the beginning of the year.
Total	6,612,184.88	661,218.49	1,371,044.41	137,104.44	-	-

2) Bad debt provision for accounts receivable by portfolio

Portfolio – Related party customers:

Aging	Closing balance		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	345,383.46	5.40	18,655.45
1-6 months overdue	—	—	—
7-18 months overdue	—	—	—
More than 18 months overdue	—	—	—
Total	345,383.46	5.40	18,655.45

(Continued)

Aging	Opening balance		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	372,694.12	11.47	42,750.52
1-6 months overdue	—	—	—
7-18 months overdue	310,050.12	37.69	116,857.89
More than 18 months overdue	1,915,016.75	86.48	1,656,031.88
Total	2,597,760.99	69.89	1,815,640.29

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method (Continued)

2) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Non-related party customers:

Aging	Closing balance		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	424,827,072.61	0.04	190,768.05
1-6 months overdue	13,044.80	16.98	2,214.52
7-18 months overdue	—	—	—
More than 18 months overdue	3,860,140.34	97.41	3,760,030.67
Total	428,700,257.75	0.92	3,953,013.24

(Continued)

Aging	Opening balance		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	123,717,822.35	0.25	309,024.41
1-6 months overdue	—	—	—
7-18 months overdue	149,894.76	60.23	90,279.67
More than 18 months overdue	4,001,852.48	100.00	4,001,852.48
Total	127,869,569.59	3.44	4,401,156.56

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable (Continued)

#### (3) Provisions for bad debts on accounts receivable accrued, recovered and reversed during the year

Type	Opening balance	Changes in the current year				Closing balance
		Accrual	Recovery or reversal	Charge-off or write-offs	Others	
Bad debt provision on an individual basis	661,218.49	–	524,114.05	–	–	137,104.44
Bad debt provision by portfolio	6,216,796.85	-2,245,128.16	–	–	–	3,971,668.69
Total	6,878,015.34	-2,245,128.16	524,114.05	–	–	4,108,773.13

#### (4) Accounts receivable actually written off during the year

The Group had no write-offs of accounts receivable during the year.

#### (5) Accounts receivable pledged

As at 31 December 2024 and 31 December 2023, the Group had no accounts receivable pledged to banks as security for obtaining loans.

#### (6) Accounts receivable with top five closing balances by debtors

Name of the organization	Closing balance of accounts receivable	Ratio of the total closing balance of accounts receivable	Closing balance of bad debt provision for accounts receivable
Total accounts receivable with top-five balances	424,278,629.52	98.57%	327,010.55

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Financing receivables

#### (1) Financing receivables by category

Item	Closing balance	Opening balance
Notes receivable	59,407,818.41	119,680,583.62
Total	59,407,818.41	119,680,583.62

#### (2) Presentation of financing receivables by bad debt accrual method

Type	Closing balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	59,407,818.41	100.00	–	–	59,407,818.41
Including: Bank acceptances					
notes	59,407,818.41	100.00	–	–	59,407,818.41
Commercial acceptances					
notes	–	–	–	–	–
Total	59,407,818.41	100.00	–	–	59,407,818.41

(Continued)

Type	Opening balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	119,680,583.62	100.00	–	–	119,680,583.62
Including: Bank acceptances					
notes	119,680,583.62	100.00	–	–	119,680,583.62
Commercial acceptances					
notes	–	–	–	–	–
Total	119,680,583.62	100.00	–	–	119,680,583.62



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Financing receivables (Continued)

#### (3) Provisions for bad debts on financing receivables accrued, recovered and reversed during the year

As at 31 December 2024, all the financing receivables held by the Group were bank acceptance notes. The Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

#### (4) Pledged financing receivables at year-end

As at 31 December 2024, the Company had no pledged notes receivable presented as financing receivables.

#### (5) Financing receivables endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amounts derecognized at the year-end	Amounts not derecognized at the year-end
Bank acceptances notes	600,058,680.85	–
Total	600,058,680.85	–

#### (6) Financing receivables actually written off during the year

The Group does not have financing receivables actually written off during the year.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables

Item	Closing balance	Opening balance
Other receivables	<b>7,014,340.74</b>	14,503,432.54
Total	<b>7,014,340.74</b>	14,503,432.54

#### 6.1 Other receivables

(1) Other receivables categorized by nature of payment

Nature of payment	Closing book balance	Opening book value
Receivables from related parties	<b>1,184,570.60</b>	9,400,219.56
Social Security advances receivable	<b>2,212,344.79</b>	491,159.49
Margin	<b>1,070,000.00</b>	76,293.64
Others	<b>5,146,001.14</b>	7,668,286.10
Less: Provision for bad debts	<b>2,598,575.79</b>	3,132,526.25
Total	<b>7,014,340.74</b>	14,503,432.54

(2) Other receivables presented by aging

Aging	Closing book balance	Opening book value
Within 1 year (including 1 year)	<b>6,211,597.11</b>	4,374,719.78
1-2 years	<b>729,759.72</b>	1,107,522.50
2-3 years	<b>1,000,000.00</b>	532,126.79
3-4 years	<b>233,847.00</b>	288,704.30
4-5 years	<b>3,000.00</b>	13,260.41
Over 5 years	<b>1,434,712.70</b>	11,319,625.01
Total	<b>9,612,916.53</b>	17,635,958.79

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method

Type	Closing balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,117,745.39	11.63	1,117,745.39	100.00	–
Bad debt provision by portfolio	8,495,171.14	88.37	1,480,830.40	17.43	7,014,340.74
Including: Related party portfolio	1,141,550.60	11.88	34,087.44	2.99	1,107,463.16
Unrelated party portfolio	7,353,620.54	76.50	1,446,742.96	19.67	5,906,877.58
Total	9,612,916.53	100.00	2,598,575.79	27.03	7,014,340.74

(Continued)

Type	Opening balance				
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	10,985,661.40	62.29	2,217,424.86	20.18	8,768,236.54
Bad debt provision by portfolio	6,650,297.39	37.71	915,101.39	13.76	5,735,196.00
Including: Related party portfolio	1,264,220.17	7.17	156,126.47	12.35	1,108,093.70
Unrelated party portfolio	5,386,077.22	30.54	758,974.92	14.09	4,627,102.30
Total	17,635,958.79	100.00	3,132,526.25	17.76	14,503,432.54

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

1) Bad debt provision for other receivables on an individual basis

Name	Opening balance		Closing balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Hami Jinhui Real Estate Development Co., Ltd.	9,140,420.20	372,183.66	-	-	-	-
Fuyun Hongzhi Coking Co., Ltd.	629,827.80	629,827.80	-	-	-	-
Beijing Donglin Huamao Technology Co., Ltd.	625,935.00	625,935.00	625,935.00	625,935.00	100.00	The likelihood of recovery is expected to be low
Ewirgol mine(Xinjiang Coking Coal (Group) Duty Limited Company).	155,844.00	155,844.00	-	-	-	-
Qingdao Jieneng High & New Technology Co., Ltd.	84,000.00	84,000.00	84,000.00	84,000.00	100.00	The likelihood of recovery is expected to be low
Shanghai Ganjiang Electromechanical Co., Ltd.	75,100.00	75,100.00	75,100.00	75,100.00	100.00	The likelihood of recovery is expected to be low
Tongling Nonferrous Metals Holding Tongguan Mining and Metallurgy Equipment Co., Ltd.	73,430.39	73,430.39	73,430.39	73,430.39	100.00	The likelihood of recovery is expected to be low
Urumqi Runtianyuan Environmental Testing Co., Ltd.	71,000.00	71,000.00	71,000.00	71,000.00	100.00	The likelihood of recovery is expected to be low

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

1) Bad debt provision for other receivables on an individual basis (Continued)

Name	Opening balance		Closing balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Urumqi Economic and Technological Development Zone Lean Electronic Repair Department	63,200.00	63,200.00	63,200.00	63,200.00	100.00	The likelihood of recovery is expected to be low
Urumqi Lushengyuan Trading Co., Ltd.	59,660.00	59,660.00	59,660.00	59,660.00	100.00	The likelihood of recovery is expected to be low
Xinjiang Shanggao Valve Co., Ltd.	6,344.01	6,344.01	-	-	-	-
Xinjiang Tedian Trading Co., Ltd.	900.00	900.00	900.00	900.00	100.00	The likelihood of recovery is expected to be low
Xinjiang Dezong Petrochemical Equipment and Technology Co., Ltd.	-	-	21,500.00	21,500.00	100.00	The likelihood of recovery is expected to be low
Xinjiang Zhanxin Fire Insulation Material Co., Ltd.	-	-	43,020.00	43,020.00	100.00	Insolvency proceedings have been entered into and the likelihood of recovery is expected to be low
Total	10,985,661.40	2,217,424.86	1,117,745.39	1,117,745.39	-	-

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

2) Bad debt provision for other receivables by portfolio

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	6,211,597.11	307,708.01	4.95
1-2 years	686,739.72	135,490.76	19.73
2-3 years	1,000,000.00	569,068.61	56.91
3-4 years	229,764.29	102,757.18	44.72
4-5 years	3,000.00	1,735.82	57.86
Over 5 years	364,070.02	364,070.02	100.00
Total	8,495,171.14	1,480,830.40	—

(Continued)

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	4,374,719.78	93,577.05	2.14
1-2 years	1,107,522.50	82,593.84	7.46
2-3 years	515,280.79	216,512.00	42.02
3-4 years	288,704.30	163,936.41	56.78
4-5 years	13,260.41	7,672.48	57.86
Over 5 years	350,809.61	350,809.61	100.00
Total	6,650,297.39	915,101.39	—



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

3) Bad debt provision for other receivables by general model of expected credit losses

	Stage 1	Stage 2	Stage 3	
	Expected	Lifetime	Lifetime	
	credit loss	expected	expected	
	over the next	credit loss	credit loss	
	12 months	(not credit-	(credit-	
Bad debt provision		impaired)	impaired)	Total
Balance as at 1 January 2024	1,287,285.05	–	1,845,241.20	3,132,526.25
Balance in current year as at 1 January 2024	–	–	–	–
Transferred to Stage 2	–	–	–	–
Transferred to Stage 3	–	–	–	–
Transferred back to Stage 2	–	–	–	–
Transferred back to Stage 1	–	–	–	–
Accrual during this period	608,749.01	–	21,500.00	630,249.01
Reversal in current year	-372,183.66	–	-792,015.81	-1,164,199.47
Charge-offs in current year	–	–	–	–
Write-offs in current year	–	–	–	–
Other changes	–	–	–	–
Balance as at 31 December 2024	1,523,850.40	–	1,074,725.39	2,598,575.79

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Other receivables (Continued)

#### 6.1 Other receivables (Continued)

(4) Provisions for bad debts on other receivables accrued, recovered and reversed during the year

Type	Opening balance	Changes in current year			Closing balance
		Accrual	Recovery or reversal	Charge-offs	
Bad debt provision on an individual basis	2,217,424.86	64,520.00	1,164,199.47	–	1,117,745.39
Bad debt provision by portfolio	915,101.39	565,729.01	–	–	1,480,830.40
Total	3,132,526.25	630,249.01	1,164,199.47	–	2,598,575.79

(5) Other receivables actually written off during the year

The Group does not have other receivables written off during the year.

(6) Other receivables with top five closing balances by debtors

Name of the organization	Nature of payment	Closing balance	Aging	Ratio of the total closing balance of other receivables (%)	Bad debt provision Closing balance
Shanghai Xinghai Lu Boiler Co., Ltd.	Current accounts receivable	1,117,750.00	Within 1 year	11.63	61,367.88
Xinjiang Meihua Amino Acid Margin Co., Ltd.	Margin	1,000,000.00	2-3 years	10.40	569,068.61
Jiangsu Landian Environmental Protection Co., Ltd.	Current accounts receivable	685,000.00	Within 1 year	7.13	37,608.59
Beijing Donglin Chinachem Co., Ltd.	Current accounts receivable	625,935.00	Over 5 years	6.51	625,935.00
Jinchuan Group Machinery Manufacturing Co., Ltd.	Current accounts receivable	408,143.40	Within 1 year	4.25	22,408.32
Total	–	3,836,828.40	–	39.92	1,316,388.40

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Advances to suppliers

#### (1) Ageing of Advances to suppliers

Item	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	30,601,058.15	89.81	24,230,065.94	90.76
1-2 years	1,987,598.45	5.83	136,553.12	0.51
2-3 years	5,949.73	0.02	620,738.86	2.33
Over 3 years	1,479,150.52	4.34	1,707,218.60	6.40
Total	34,073,756.85	100.00	26,694,576.52	100.00

*Note:* As at 31 December 2024, prepayments aged over one year amounted to RMB3,472,698.70 (31 December 2023: RMB2,464,510.58), which were mainly prepayments for material purchases, which had not yet been settled as the goods purchased had not yet arrived.

#### (2) Prepayments with top five closing balances by prepayment recipients

Name of the organization	Closing balance	Ratio of the total closing balance of prepayments (%)
Total prepayments with top-five balances	25,169,732.85	73.87%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Inventories

#### (1) Classification of inventories

Item	Closing balance		
	Book balance	Provision for the decline in value of inventories	Book value
Raw materials	215,525,587.51	12,336,481.61	203,189,105.90
Work in progress	94,749,047.26	–	94,749,047.26
Self-made semi-finished goods	421,583,871.58	–	421,583,871.58
Finished goods	366,321,912.88	27,328,493.64	338,993,419.24
Total	1,098,180,419.23	39,664,975.25	1,058,515,443.98

(Continued)

Item	Opening balance		
	Book balance	Provision for the decline in value of inventories	Book value
Raw materials	149,954,700.58	6,878,465.43	143,076,235.15
Work in progress	161,192,925.31	–	161,192,925.31
Self-made semi-finished goods	623,242,230.27	–	623,242,230.27
Finished goods	379,160,192.19	22,092,242.72	357,067,949.47
Total	1,313,550,048.35	28,970,708.15	1,284,579,340.20

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Inventories (Continued)

#### (2) Loss allowance on decline in value of inventories

Item	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Accrual	Others	Charge-off	Others	
Raw materials	6,878,465.43	5,502,268.06	–	44,251.88	–	12,336,481.61
Finished goods	22,092,242.72	21,287,676.84	–	16,051,425.92	–	27,328,493.64
Total	28,970,708.15	26,789,944.90	–	16,095,677.80	–	39,664,975.25

*Note:* The Group's inventories are measured at the lower of cost and net realizable value to determine net realizable value. Net realizable value is the estimated selling price of inventories in ordinary activities, less costs to be incurred to completion, estimated selling expenses, and related taxes. The provision for the decline in the value of inventories for finished goods was charged off during the year because they were sold.

### 9. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted	495,187.67	1,963,585.98
Input tax to be verified	691,633.84	4,925,113.32
Prepaid income tax	5,189,264.18	6,735,180.00
Prepaid VAT	–	119,704.02
Total	6,376,085.69	13,743,583.32

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Long-term equity investments

Item	Closing balance	Opening balance
Investments in joint ventures	<b>190,545,162.35</b>	186,085,773.69
Subtotal	<b>190,545,162.35</b>	186,085,773.69
Less: Provision for impairment for long-term equity investments	—	—
Total	<b>190,545,162.35</b>	186,085,773.69

*Note:* The Group's investees are unlisted companies and there are no significant restrictions on the realization of long-term equity investments.

#### (1) Breakdown of long-term equity investments

Item	Opening balance (Book value)	Net profit or loss-adjusted Using the equity method	Offset of unrealized profits in internal trading	Cash dividends or profits declared	Provision for impairment	Closing balance (Book value)	Closing balance of Provision for impairment
Hami Hexin Mining Industry Co., Ltd.	186,085,773.69	5,659,881.94	-1,200,493.28	—	—	<b>190,545,162.35</b>	—
Total	186,085,773.69	5,659,881.94	-1,200,493.28	—	—	<b>190,545,162.35</b>	—

*Note:* The place of incorporation and principal place of business of Hexin Mining is in the PRC. Hexin Mining is one of the major suppliers of raw materials to the Group, which is strategically important to ensure the supply of raw materials to the Group.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11. Investment properties

#### (1) Investment properties using the cost model

Item	Houses and buildings	Land use rights	Total
<b>I. Original book value</b>			
1. Opening balance	190,992,566.70	68,551,732.40	259,544,299.10
2. Increase during the year	1,856,057.12	–	1,856,057.12
(1) Transfer-in from fixed assets	1,856,057.12	–	1,856,057.12
3. Decrease during the year	837,137.97	–	837,137.97
(1) Others transfers-out	837,137.97	–	837,137.97
4. Closing balance	192,011,485.85	68,551,732.40	260,563,218.25
<b>II. Accumulated depreciation and accumulated amortization</b>			
1. Opening balance	18,956,818.81	16,452,415.96	35,409,234.77
2. Increase during the year	4,349,103.70	1,371,034.68	5,720,138.38
(1) Accrual or amortization	4,232,433.35	1,371,034.68	5,603,468.03
(2) Transfers-in from fixed assets	116,670.35	–	116,670.35
3. Decrease during the year	525,144.71	–	525,144.71
(1) Others transfers-out	525,144.71	–	525,144.71
4. Closing balance	22,780,777.80	17,823,450.64	40,604,228.44
<b>III. Provision for impairment</b>			
1. Opening balance	–	–	–
2. Increase during the year	–	–	–
3. Decrease during the year	–	–	–
4. Closing balance	–	–	–
<b>IV. Book value</b>			
1. Closing book value	169,230,708.05	50,728,281.76	219,958,989.81
2. Opening book value	172,035,747.89	52,099,316.44	224,135,064.33

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	<b>3,482,062,964.20</b>	3,566,561,729.62
Fixed assets clean-up	—	168,944.35
Total	<b>3,482,062,964.20</b>	3,566,730,673.97

#### 12.1 Fixed assets

(1) State of fixed assets

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
<b>I. Original book value</b>						
1. Opening balance	2,068,654,990.51	2,026,175,670.30	1,899,598,503.31	45,824,105.12	126,799,926.39	6,167,053,195.63
2. Increase during the year	55,080,775.22	7,163,687.48	101,903,703.42	3,099,091.79	20,176,855.72	187,424,113.63
(1) Purchase	9,015,605.70	—	51,318,026.87	2,242,897.10	16,628,857.29	79,205,386.96
(2) Transfer-in from construction in progress	43,323,785.12	7,163,687.48	49,085,043.53	856,194.69	2,968,508.52	103,397,219.34
(3) Others	2,741,384.40	—	1,500,633.02	—	579,489.91	4,821,507.33
3. Decrease during the year	20,017,271.13	—	40,217,774.20	4,885,551.04	6,407,417.80	71,528,014.17
(1) Disposal or scrapping	12,965,749.19	—	36,171,110.68	4,885,551.04	6,377,771.78	60,400,182.69
(2) Transfer to investment properties	368,405.00	—	—	—	—	368,405.00
(3) Others	6,683,116.94	—	4,046,663.52	—	29,646.02	10,759,426.48
4. Closing balance	2,103,718,494.60	2,033,339,357.78	1,961,284,432.53	44,037,645.87	140,569,364.31	6,282,949,295.09

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Fixed assets (Continued)

#### 12.1 Fixed assets (Continued)

(1) State of fixed assets (Continued)

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
<b>II. Accumulated depreciation</b>						
1. Opening balance	751,303,899.66	470,101,830.39	1,194,849,367.68	28,931,197.55	83,423,653.64	2,528,609,948.92
2. Increase during the year	64,881,046.06	76,968,917.56	103,505,491.11	3,345,901.70	14,540,610.99	263,241,967.42
(1) Accrual	63,668,550.12	76,968,917.56	101,817,632.32	3,345,901.70	14,121,926.74	259,922,928.44
(2) Others	1,212,495.94	–	1,687,858.79	–	418,684.25	3,319,038.98
3. Decrease during the year	12,796,050.61	–	39,192,292.24	4,741,796.98	6,116,962.71	62,847,102.54
(1) Disposal or scrapping	12,026,558.99	–	35,057,849.01	4,741,796.98	6,114,146.32	57,940,351.30
(2) Transfer to investment properties	116,670.35	–	–	–	–	116,670.35
(3) Others	652,821.27	–	4,134,443.23	–	2,816.39	4,790,080.89
4. Closing balance	803,388,895.11	547,070,747.95	1,259,162,566.55	27,535,302.27	91,847,301.92	2,729,004,813.80
<b>III. Provision for impairment</b>						
1. Opening balance	38,119,351.70	–	33,737,028.20	–	25,137.19	71,881,517.09
2. Increase during the year	–	–	–	–	–	–
3. Decrease during the year	–	–	–	–	–	–
4. Closing balance	38,119,351.70	–	33,737,028.20	–	25,137.19	71,881,517.09
<b>IV. Book value</b>						
1. Closing book value	1,262,210,247.79	1,486,268,609.83	668,384,837.78	16,502,343.60	48,696,925.20	3,482,062,964.20
2. Opening book value	1,279,231,739.15	1,556,073,839.91	671,012,107.43	16,892,907.57	43,351,135.56	3,566,561,729.62

*Note:* The amount of depreciation charged on fixed assets for the year 2024 was RMB259,922,928.44 (2023: RMB270,970,608.32), of which the depreciation expenses charged to operating costs, administrative expenses, selling expenses and research and development expenses were RMB237,760,044.63, RMB19,607,447.61, RMB29,560.11 and RMB2,525,876.09, respectively (2023: RMB245,852,473.55 RMB19,959,118.35, RMB62,216.43 and RMB5,096,799.99, respectively).

The original cost transferred from construction in progress to fixed assets is RMB103,397,219.34 (2023: RMB180,901,191.54).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Fixed assets

#### 12.1 Fixed assets

##### (2) Temporarily idle fixed assets

As at 31 December 2024, fixed assets with a book value of RMB2,490,421.31 (original price: RMB46,765,801.52) (31 December 2023: RMB2,705,922.18, original price: RMB51,256,691.54) were temporarily idled due to expansion and renovation of production lines, as analyzed below:

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Buildings	16,926,410.34	16,061,209.68	–	865,200.66
Machinery	23,819,431.12	22,495,208.52	–	1,324,222.60
Office and electronic equipment	6,019,960.06	5,718,962.01	–	300,998.05
Total	46,765,801.52	44,275,380.21	–	2,490,421.31

##### (3) Fixed assets with pending certificates of ownership

On 31 December 2024, the book value of RMB82,189,645.38 of buildings were in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificate, and there is no significant adverse effect on the Group's operation.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Fixed assets (CONTINUED)

#### 12.2 Fixed assets clean-up

Item	Closing balance	Opening balance
Buildings	—	7,614.50
Machinery	—	96,168.96
Transportation equipment	—	40,985.46
Office and other equipment	—	24,175.43
Total	—	168,944.35

### 13. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	493,947,011.08	438,516,248.15
Total	493,947,011.08	438,516,248.15

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Construction in progress (Continued)

#### (1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
<b>Fukang Refinery</b>						
20,000 tons of electrolytic nickel project expansion	-	-	-	2,979,586.57	-	2,979,586.57
Segment 2 atmospheric pressure conversion project	421,551.97	-	421,551.97	-	-	-
Pressurized plant expansion	1,111,111.11	-	1,111,111.11	1,111,111.11	-	1,111,111.11
Installation of nickel starting sheet processing units and nickel packaging units	1,700,000.00	-	1,700,000.00	1,700,000.00	-	1,700,000.00
Drainage pipe network transformation project	-	-	-	247,808.61	-	247,808.61
Cobalt workshop degreasing project	-	-	-	4,434,014.99	-	4,434,014.99
Beryllium copper alloy project	821,474.08	-	821,474.08	821,474.08	-	821,474.08
6.3kv line renovation	-	-	-	8,786,633.11	-	8,786,633.11
Ore grinding automation control of the extraction plant of cobalt workshop	8,549,638.68	-	8,549,638.68	8,164,236.38	-	8,164,236.38
Wastewater treatment design and development project	16,588,913.62	-	16,588,913.62	20,801,957.97	-	20,801,957.97
Efficient and environmentally friendly electrolytic cell Application technology transformation	2,684,296.74	-	2,684,296.74	2,273,190.34	-	2,273,190.34
Energy control platform project	3,509,855.57	-	3,509,855.57	3,509,855.57	-	3,509,855.57
Acid production flue gas denitrification project	1,212,030.39	-	1,212,030.39	1,212,030.39	-	1,212,030.39



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Construction in progress (Continued)

#### (1) Details of construction in progress (Continued)

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Key technology and project demonstration of multi-component deep separation and extraction of siegenite slag	20,146,982.85	–	20,146,982.85	22,209,399.33	–	22,209,399.33
Intelligent acid generation device purchase and installation project	–	–	–	422,123.92	–	422,123.92
Electric power branch line corridor and lighting line renovation inside the plant	3,041,593.65	–	3,041,593.65	722,346.85	–	722,346.85
Network upgrading project	–	–	–	759,226.53	–	759,226.53
Safety risk monitoring and early warning system	489,469.71	–	489,469.71	397,703.08	–	397,703.08
Medium-pressure air backup system of oxygen compressor	343,699.36	–	343,699.36	343,699.36	–	343,699.36
Road maintenance project	–	–	–	8,568,186.05	–	8,568,186.05
65t/h gas boiler new project	1,688,122.12	–	1,688,122.12	–	–	–
Pressurized pump renewal items	2,954,884.01	–	2,954,884.01	–	–	–
Heating renovation project	1,819,833.64	–	1,819,833.64	–	–	–
Copper workshop rectifier system replacement project	1,806,186.41	–	1,806,186.41	–	–	–
Supporting facilities for the wastewater advanced treatment project	648,894.85	–	648,894.85	–	–	–
Video surveillance system	1,225,663.72	–	1,225,663.72	–	–	–
Nickel workshop electrolysis automation transformation project	634,164.16	–	634,164.16	–	–	–
Other projects	1,127,075.00	–	1,127,075.00	808,554.61	–	808,554.61
Sub-total of the Company	72,525,441.64	–	72,525,441.64	90,273,138.85	–	90,273,138.85

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Construction in progress (Continued)

#### (1) Details of construction in progress (Continued)

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
<b>Subsidiaries</b>						
<b>Kalatongke Mining</b>						
Plant maintenance project of the industrial zone	636,605.19	–	636,605.19	1,981,121.73	–	1,981,121.73
New construction and maintenance works	10,557,200.11	–	10,557,200.11	7,438,757.06	–	7,438,757.06
Ventilation system upgrading	1,798,188.68	–	1,798,188.68	1,076,654.86	–	1,076,654.86
Fugitive gas desulphurization project	–	–	–	7,925,978.65	–	7,925,978.65
Staff canteen project	28,500.00	–	28,500.00	4,730,349.69	–	4,730,349.69
Fuyun living base	78,509,765.58	–	78,509,765.58	78,426,928.17	–	78,426,928.17
No.1 ramp surface renewal and reconstruction project	267,836.97	–	267,836.97	1,609,733.53	–	1,609,733.53
Park construction project	–	–	–	935,309.46	–	935,309.46
Thickening pond project	205,564.48	–	205,564.48	815,971.09	–	815,971.09
Video surveillance system	667,116.27	–	667,116.27	626,468.77	–	626,468.77
Technical improvement project of the filling mining system	11,433,065.30	–	11,433,065.30	4,206,879.84	–	4,206,879.84
Employees' locker room construction project	24,374.58	–	24,374.58	1,040,030.87	–	1,040,030.87
Flood drainage system project of Jiawu'er tailings pond	414,035.86	–	414,035.86	1,110,907.38	–	1,110,907.38
EPC project of six systems optimization and upgrading	913,394.49	–	913,394.49	949,589.10	–	949,589.10
Technical improvement project of dilution furnace	–	–	–	489,088.00	–	489,088.00
EPC project of smelter sewage treatment system	–	–	–	3,113,556.96	–	3,113,556.96
Beryllium copper alloy project	1,733,084.68	–	1,733,084.68	1,733,084.68	–	1,733,084.68
Water jacket flow monitoring system	1,923,451.31	–	1,923,451.31	1,923,451.31	–	1,923,451.31
3D mining software for mining optimization	1,564,070.80	–	1,564,070.80	1,564,070.80	–	1,564,070.80
Hazardous wastes repository construction project	–	–	–	3,712,690.94	–	3,712,690.94

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Construction in progress (Continued)

#### (1) Details of construction in progress (Continued)

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Final stage mining	469,811.31	–	469,811.31	469,811.31	–	469,811.31
1# shaft maintenance project	25,157.23	–	25,157.23	1,642,194.97	–	1,642,194.97
Ground-hardening construction project	2,165,959.90	–	2,165,959.90	–	–	–
Water slag yard anti-seepage project	2,469,387.80	–	2,469,387.80	207,547.17	–	207,547.17
Production expansion project	52,102,959.26	–	52,102,959.26	–	–	–
9 # filling hole engineering	1,579,611.29	–	1,579,611.29	–	–	–
Other projects	11,217,902.06	–	11,217,902.06	7,250,034.62	–	7,250,034.62
<b>Xinjiang Yakesi</b>						
Huangshanxi mine exploration and beneficiation project	122,049,487.32	–	122,049,487.32	94,572,284.56	–	94,572,284.56
Other projects	–	–	–	667,459.43	–	667,459.43
<b>Hami Jubao</b>						
Technical improvement project of Huangshandong #12 mine	116,630,965.97	–	116,630,965.97	115,989,081.35	–	115,989,081.35
<b>Shaanxi Xinxin</b>						
Mine exploration project	2,034,073.00	–	2,034,073.00	2,034,073.00	–	2,034,073.00
Sub-total of subsidiaries	421,421,569.44	–	421,421,569.44	348,243,109.30	–	348,243,109.30
Total	493,947,011.08	–	493,947,011.08	438,516,248.15	–	438,516,248.15

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Construction in progress (Continued)

#### (2) Changes in significant construction in progress projects during the year

Project name	Opening balance	Increase during the year	Decrease during the year		Closing balance
			Transfer to fixed assets	Other decreases	
Huangshanxi mine exploration and beneficiation project	94,572,284.56	36,269,552.41	8,792,349.65	–	122,049,487.32
Technical improvement project of Huangshandong #12 mine	115,989,081.35	641,884.62	–	–	116,630,965.97
Fuyun living base project	78,426,928.17	82,837.41	–	–	78,509,765.58
Wastewater treatment design and development	20,801,957.97	-4,213,044.35	–	–	16,588,913.62
Efficient and environmentally friendly electrolytic cell application technology transformation	2,273,190.34	411,106.40	–	–	2,684,296.74
Total	312,063,442.39	33,192,336.49	8,792,349.65	–	336,463,429.23

(Continued)

Project name	Budget	Engineering inputs as percentage of budget (%)	Progress Of works (%)	Accumulative amount of interest capitalized	Including: Amount of interest capitalized during the year	Interest capitalization rate for the year (%)	Source of funds
Huangshanxi mine exploration and beneficiation project	1,185,673,185.74	98.00	98.00	–	–	–	Self-raised
Technical improvement project of Huangshandong #12 mine	177,312,100.00	65.78	65.78	–	–	–	Self-raised
Fuyun living base project	142,755,100.00	54.39	54.39	–	–	–	Self-raised
Wastewater treatment design and development	150,297,100.00	13.84	13.84	–	–	–	Self-raised
Efficient and environmentally friendly electrolytic cell application technology transformation	111,597,100.00	2.41	2.41	–	–	–	Self-raised
Total	1,767,634,585.74	–	–	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Right-of-use assets

Item	Buildings	Land use rights	Total
<b>I. Original book value</b>			
1. Opening balance	3,697,175.19	–	3,697,175.19
2. Increase during the year	–	13,922,780.00	13,922,780.00
3. Decrease during the year	–	–	–
4. Closing balance	3,697,175.19	13,922,780.00	17,619,955.19
<b>II. Accumulated depreciation</b>			
1. Opening balance	2,358,555.88	–	2,358,555.88
2. Increase during the year	1,338,619.31	928,185.32	2,266,804.63
(1) Accrual	1,338,619.31	928,185.32	2,266,804.63
3. Decrease during the year	–	–	–
4. Closing balance	3,697,175.19	928,185.32	4,625,360.51
<b>III. Provision for impairment</b>			
1. Opening balance	–	–	–
2. Increase during the year	–	–	–
3. Decrease during the year	–	–	–
4. Closing balance	–	–	–
<b>IV. Book value</b>			
1. Closing book value	–	12,994,594.68	12,994,594.68
2. Opening book value	1,338,619.31	–	1,338,619.31

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Intangible assets

#### (1) List of intangible assets

Item	Land use rights	Exploration rights	Mining rights	Others	Total
<b>I. Original book value</b>					
1. Opening balance	182,448,986.33	208,153,000.00	1,212,621,629.76	7,521,625.37	1,610,745,241.46
2. Increase during the year	843,079.67	–	–	1,809,608.64	2,652,688.31
(1) Purchase	843,079.67	–	–	1,809,608.64	2,652,688.31
3. Decrease during the year	–	–	–	–	–
4. Closing balance	183,292,066.00	208,153,000.00	1,212,621,629.76	9,331,234.01	1,613,397,929.77
<b>II. Accumulated depreciation</b>					
1. Opening balance	52,791,888.55	–	293,662,037.97	4,695,770.01	351,149,696.53
2. Increase during the year	3,631,863.12	–	35,912,031.26	815,970.06	40,359,864.44
(1) Accrual	3,631,863.12	–	35,912,031.26	815,970.06	40,359,864.44
3. Decrease during the year	–	–	–	–	–
4. Closing balance	56,423,751.67	–	329,574,069.23	5,511,740.07	391,509,560.97
<b>III. Provision for impairment</b>					
1. Opening balance	–	135,543,621.45	–	–	135,543,621.45
2. Increase during the year	–	31,754,162.97	–	–	31,754,162.97
(1) Accrual	–	31,754,162.97	–	–	31,754,162.97
3. Decrease during the year	–	–	–	–	–
4. Closing balance	–	167,297,784.42	–	–	167,297,784.42
<b>IV. Book value</b>					
1. Closing book value	126,868,314.33	40,855,215.58	883,047,560.53	3,819,493.94	1,054,590,584.38
2. Opening book value	129,657,097.78	72,609,378.55	918,959,591.79	2,825,855.36	1,124,051,923.48



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Intangible assets (Continued)

#### (1) List of intangible assets

*Note:* The amortization amount of intangible assets was RMB40,359,864.44 for the year 2024 (FY 2023: RMB41,178,871.07).

Intangible assets generated from the Company's internal research and development accounted for 0.00% of the balance of intangible assets at the end of the period.

The exploration rights owned by the Group were obtained from the acquisition of the Shaanxi Xinxin Xianghe Street Vanadium Mine and the Mujiahe Vanadium Mine in 2011. As of December 31 2024, the exploration rights of Xianghe Street Vanadium Mine and Mujiahe Vanadium Mine have expired. Upon application, the Group obtained an exploration (reserved) exploration licence for the Mujiahe vanadium mine in Shangnan County, Shaanxi Province issued by the Department of Natural Resources of Shaanxi Province on 17 January 2025 (validity period: from 14 January 2025 to 14 January 2030). The Group is still applying to extend the validity period of the exploration rights of Xianghe Street Vanadium Mine, and as of the date of this report, the relevant procedures have not been approved.

#### (2) Land use rights with pending certificates of ownership

As of 31 December 2024, the land with a book value of RMB23,247,713.43 was in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificates described above, and no significant adverse effect would be exerted on the Group's operation.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Intangible assets (Continued)

#### (3) Impairment testing of intangible assets

The recoverable amount is determined as the present value of the estimated future cash flows.

Item	Book value	Recoverable amount	Impairment amount	Length of the estimation period	Key parameters for the estimation period	Key parameters for the stability period	Basis for determining key parameters for the stability period
Mujiahe Exploration rights	28,753,003.40	29,391,988.67	–	28.46 years	Revenue growth rate 0%, Profit margin 7.54%, discount rate 8.00%	Revenue growth rate 0%, Profit margin 7.54%, discount rate 8.00%	Revenue growth rate 0% for the stability period, and the profit margin and discount rate are the same as those of the estimation period.
Xianghe Street exploration rights	12,102,212.18	12,593,627.92	–	25.19 years	Revenue growth rate 0%, profit margin 8.05%, discount rate 8.35%	Revenue growth rate 0%, profit margin 8.05%, discount rate 8.35%	Revenue growth rate 0% for the stability period, and the profit margin and discount rate are the same as those of the estimation period.
Total	40,855,215.58	41,985,616.59	–	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. Goodwill

#### (1) Original value of goodwill

Name of the invest the matter resulting goodwill	Opening balance	Increase during the year	Decrease during the year	Closing balance
		Formed by a business merger	Disposal	
Zhongxin Mining	17,844,894.10	–	–	17,844,894.10
Xinjiang Yakesi and Hami Jubao	9,987,911.01	–	–	9,987,911.01
Shaanxi Xinxin	254,745.09	–	–	254,745.09
Total	28,087,550.20	–	–	28,087,550.20

#### (2) Provision for impairment of goodwill

Name of the invest the matter resulting goodwill	Opening balance	Increase during the year	Decrease during the year	Closing balance
		Accrual	Disposal	
Zhongxin Mining	17,844,894.10	–	–	17,844,894.10
Xinjiang Yakesi and Hami Jubao	–	–	–	–
Shaanxi Xinxin	254,745.09	–	–	254,745.09
Total	18,099,639.19	–	–	18,099,639.19

#### (3) Information about the asset group or portfolio of asset groups to which goodwill belongs

All of the Group's goodwill arose when the equity interests in the above companies were acquired. Each company was recognized as an asset group. The asset group to which the goodwill belongs at the end of the period was consistent with the asset group determined at the purchase date and during the impairment tests of goodwill in previous years.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. Goodwill (Continued)

#### (4) Specific method for determining the recoverable amount

The recoverable amount is determined as the present value of the estimated future cash flows.

Item	Book value	Recoverable amount	Impairment	Length of the estimation period	Key parameters for the estimation period	Key parameters for the stability period	Basis for determining key parameters for the stability period
Xinjiang Yakesi and Hami Jubao	2,511,729,259.48	2,560,011,956.12	-	From 2025 to 2026	Revenue growth rate 2%, gross margin 31.95%, discount rate 12.2%	Revenue growth rate 2%, gross margin 43.3%, discount rate 12.2%	Revenue growth rate 2% for the stability period, and the gross margin and discount rate are the same as those of the final year of the estimation period.
Total	2,511,729,259.48	2,560,011,956.12	-	-	-	-	-

### 17. Provision for impairment of assets and losses

Item	Opening balance	Increase during the year	Decrease during the year		Closing balance
			Reversal	Charge-offs	
Bad debt provision for accounts receivable	6,878,015.34	-2,245,128.16	524,114.05	-	4,108,773.13
Including: Bad debt provision on an individual basis	661,218.49	-	524,114.05	-	137,104.44
Bad debt provision by portfolio	6,216,796.85	-2,245,128.16	-	-	3,971,668.69
Bad debt provision for other receivables	3,132,526.25	630,249.01	1,164,199.47	-	2,598,575.79
Provision for impairment of intangible assets	135,543,621.45	31,754,162.97	-	-	167,297,784.42
Provision for impairment of fixed assets	71,881,517.09	-	-	-	71,881,517.09
Provision for the decline in value of inventories	28,970,708.15	26,789,944.90	-	16,095,677.80	39,664,975.25
Provision for impairment of goodwill	18,099,639.19	-	-	-	18,099,639.19
Total	264,506,027.47	56,929,228.72	1,688,313.52	16,095,677.80	303,651,264.87

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Long-term prepaid expenses

Item	Opening balance	Increase during the year	Amortization in current year	Other decreases in current year	Closing balance
Expenditure on improvement of fixed assets under operating leases	2,344,603.51	–	642,168.36	–	<b>1,702,435.15</b>
Total	2,344,603.51	–	642,168.36	–	<b>1,702,435.15</b>

### 19. Deferred tax assets and deferred tax liabilities

#### (1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible Temporary differences	Deferred tax assets	Deductible Temporary differences	Deferred tax assets
Provision for asset impairment	<b>194,496,763.77</b>	<b>29,174,514.57</b>	187,483,202.84	28,122,480.43
Unrealized profits in internal trading	<b>111,639,571.40</b>	<b>16,745,935.71</b>	183,697,556.87	27,554,633.53
Changes in fair value of derivative financial instruments	–	–	48,976,869.63	7,346,530.44
Deferred income	<b>24,533,230.08</b>	<b>3,679,984.51</b>	25,181,706.32	3,777,255.95
Equity incentive	–	–	127,080.50	19,062.08
Depreciation of right-of-use assets	–	–	33,474.57	5,021.19
Depreciation of fixed assets	<b>31,349,569.60</b>	<b>4,702,435.44</b>	30,498,439.27	4,574,765.89
Mineral royalty	<b>91,213,212.73</b>	<b>13,681,981.91</b>	87,791,870.34	13,168,780.55
Provisions for environment remediation and restoration	<b>125,417,456.68</b>	<b>18,812,618.50</b>	127,078,113.86	19,061,717.09
Deductible losses	<b>16,182,982.18</b>	<b>2,427,447.33</b>	101,794,606.45	15,269,190.97
Dismiss benefits	<b>2,222,267.57</b>	<b>333,340.14</b>	–	–
Total	<b>597,055,054.01</b>	<b>89,558,258.11</b>	792,662,920.65	118,899,438.12

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Deferred tax assets and deferred tax liabilities (Continued)

#### (2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable Temporary differences	Deferred tax liabilities	Taxable Temporary differences	Deferred tax liabilities
Asset valuation appreciation of business combinations not under common control	530,505,750.00	79,575,862.50	593,315,448.67	88,997,317.30
Depreciation of fixed assets	31,578,188.92	4,736,728.34	30,119,831.48	4,517,974.72
Amortization of intangible assets	5,307,826.21	796,173.93	6,325,919.40	948,887.92
Long-term payables	50,289,228.60	7,543,384.29	58,420,882.86	8,763,132.42
Provisions for environment remediation and restoration	104,881,982.34	15,732,297.35	110,623,714.90	16,593,557.24
Profit and loss of the fair value change of derivative financial assets	444,342.48	66,651.37	–	–
Total	723,007,318.55	108,451,097.78	798,805,797.31	119,820,869.60

Note: Deferred tax liabilities mainly represented the differences between the fair values and tax bases of the mining rights and exploration rights of the acquired companies in business combinations not under common control, fixed assets, mining rights, and land use rights.

#### (3) Deferred tax assets or liabilities presented as the net amount after offsetting

Item	Offsetting amount of deferred tax assets and liabilities at year-end	Closing balance of deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities at the beginning of the year	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	27,637,157.97	61,921,100.14	30,640,451.03	88,258,987.09
Deferred tax liabilities	27,637,157.97	80,813,939.81	30,640,451.03	89,180,418.57



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Deferred tax assets and deferred tax liabilities (Continued)

#### (4) List of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	139,262.50	1,069,924.80
Deductible losses	43,288,437.92	46,975,048.80
Total	43,427,700.42	48,044,973.60

#### (5) Deductible losses that are not recognized as deferred tax assets will fall due in the following years:

Year	Closing balance	Opening balance
2024	–	13,161,700.75
2025	11,182,452.27	11,182,452.27
2026	12,048,226.32	12,048,226.32
2027	9,040,311.81	9,040,311.81
2028	1,542,357.65	1,542,357.65
2029	9,475,089.87	–
Total	43,288,437.92	46,975,048.80

### 20. Other non-current assets

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Advances on power expenses	12,035,265.42	–	12,035,265.42
Total	12,035,265.42	–	12,035,265.42

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Other non-current assets (Continued)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Advances on power expenses	12,035,265.42	–	12,035,265.42
Total	12,035,265.42	–	12,035,265.42

*Note:* Advances on power expenses are utilities prepaid by Xinjiang Yakesi to offset power expenses that will be incurred in subsequent years.

### 21. Assets with restricted ownership or use

Item	Closing balance			
	Book balance	Book value	Type of restriction	Specific restrictions
Cash at bank and on hand	64,966,861.79	64,966,861.79	Guarantee	Deposits for bank acceptance notes, and environmental restoration, and production safety deposits
Total	64,966,861.79	64,966,861.79	–	–

Item	Opening balance			
	Book balance	Book value	Type of restriction	Specific restrictions
Cash at bank and on hand	70,126,312.43	70,126,312.43	Guarantee	Deposits for bank acceptance notes, and environmental restoration and production safety deposits
Total	70,126,312.43	70,126,312.43	–	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Short-term borrowings

Type of borrowings	Closing balance	Opening balance
Credit loans	200,159,722.23	200,000,000.00
Total	200,159,722.23	200,000,000.00

Note: As at 31 December 2024, the interest rate on credit loans was 2.85% (31 December 2023: 3.%).

### 23. Financial liabilities held for trading

Item	Closing balance	Opening balance
Financial liabilities held for trading	–	48,976,869.63
Including: Derivative financial liabilities	–	48,976,869.63
Total	–	48,976,869.63

Note: Derivative financial liabilities refer to liabilities arising from changes in fair value of derivative financial instruments – metal trading contracts.

### 24. Notes payable

Type of notes	Closing balance	Opening balance
Bank acceptances notes	143,487,517.26	224,100,000.00
Total	143,487,517.26	224,100,000.00

Note: By the end of the year, the aging of the Group's notes payable described above were all within 365 days.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 25. Accounts payable

#### (1) Accounts payable presented by nature of payment

Item	Closing balance	Opening balance
Payable for purchase of materials	266,965,111.78	229,117,304.31
Payable for purchase of services	68,434,964.93	63,933,010.05
Transportation fee payable	7,380,638.01	6,872,187.79
Others	1,490,525.65	2,140,125.67
Total	344,271,240.37	302,062,627.82

#### (2) Accounts payable presented by aging

Item	Closing balance	Opening balance
Within 1 year	278,712,692.86	263,446,171.17
1-2 years	37,477,746.94	23,114,727.75
2-3 years	16,498,530.21	4,793,518.54
Over 3 years	11,582,270.36	10,708,210.36
Total	344,271,240.37	302,062,627.82

Note: As at 31 December 2024, accounts payable over one year with the amount of RMB65,558,547.51 (31 December 2023: RMB38,616,456.65) were mainly payables for the purchase of materials. The final settlement for the payments has not been performed.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Other payables

Item	Closing balance	Opening balance
Interest payable	–	145,444.45
Other payables	<b>175,467,625.44</b>	212,064,919.52
Total	<b>175,467,625.44</b>	212,210,363.97

#### (1) Interest payable

Item	Closing balance	Opening balance
Interest on long-term borrowings with interest payable in installments and the principal repaid at maturity	–	145,444.45
Total	–	145,444.45

#### (2) Other payables

*Other payables presented by nature of payment*

Nature of payment	Closing balance	Opening balance
Payables to related parties	<b>55,139,221.13</b>	97,804,405.62
Engineering payments	<b>75,443,894.40</b>	66,978,125.11
Equipment expenses	<b>18,764,073.66</b>	16,903,578.16
Intermediary fees	<b>1,932,968.76</b>	2,052,664.07
Deposits and margin	<b>7,690,072.67</b>	6,386,661.93
Other payables	<b>16,497,394.82</b>	21,939,484.63
Total	<b>175,467,625.44</b>	212,064,919.52

*Note:* As at 31 December 2024, other payables over one year with the amount of RMB16,373,801.50 (31 December 2023: RMB38,000,854.95) were mainly payables for engineering payments and equipment expenses. Since the final settlement of the related projects is yet to be completed, the payments have not been settled in full.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 27. Item received in advance

Item	Closing balance	Opening balance
Income from rent and property services	201,690.95	–
Total	201,690.95	–

### 28. Contract liabilities

Item	Closing balance	Opening balance
Advances on sales	9,193,741.84	16,763,619.58
Total	9,193,741.84	16,763,619.58

*Note:* As at 31 December 2024, the balance of the Group's contract liabilities was RMB9,193,741.84, of which RMB16,763,619.58 of the opening book value has been transferred to revenue for the year 2024.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 29. Employee benefits payable

#### (1) Classification of employee benefits payable

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term employment benefits	120,076,568.92	281,758,502.08	283,352,528.44	<b>118,482,542.56</b>
Post-employment benefits – Defined contribution plan	6,875.61	42,900,498.67	42,897,414.23	<b>9,960.05</b>
Termination benefits	–	1,289,188.05	548,140.05	<b>741,048.00</b>
Total	120,083,444.53	325,948,188.80	326,798,082.72	<b>119,233,550.61</b>

#### (2) Short-term employment benefits

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	110,264,175.19	214,523,628.86	214,051,092.94	<b>110,736,711.11</b>
Staff welfare	–	15,603,332.65	15,603,332.65	–
Social insurances	3,985.03	18,016,931.98	18,014,000.66	<b>6,916.35</b>
Including: Medical insurance	3,938.77	14,656,522.17	14,653,629.59	<b>6,831.35</b>
Work injury insurance	46.26	3,360,409.81	3,360,371.07	<b>85.00</b>
Housing provident fund	–	21,734,242.00	21,734,242.00	–
Labor union fund and employee education fund	9,510,749.70	5,282,666.87	7,054,501.47	<b>7,738,915.10</b>
Other short-term employment benefits	297,659.00	6,597,699.72	6,895,358.72	–
Total	120,076,568.92	281,758,502.08	283,352,528.44	<b>118,482,542.56</b>



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 29. Employee benefits payable (Continued)

#### (3) Defined contribution plans

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension insurance	645.12	29,377,819.22	29,374,761.94	<b>3,702.40</b>
Unemployment insurance	6,230.49	915,915.89	915,888.73	<b>6,257.65</b>
Enterprise annuity payment	–	12,606,763.56	12,606,763.56	–
Total	6,875.61	42,900,498.67	42,897,414.23	<b>9,960.05</b>

*Note:* The Group shall pay the pension insurance premiums and unemployment insurance premiums to the relevant agencies on a monthly basis according to the payment base and proportion stipulated by the local labour and social security department, and the payment shall not be used to offset the amount that the Group shall pay to its employees in the future.

### 30. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	<b>4,861,855.93</b>	6,365,212.20
Resource tax	<b>4,807,191.75</b>	5,194,638.86
Corporate income tax	<b>1,060,314.04</b>	3,676,700.47
Education surcharge	<b>232,946.43</b>	318,199.19
Urban maintenance and construction tax	<b>200,257.77</b>	313,635.33
Individual income tax	<b>160,963.84</b>	157,256.56
Stamp duty	<b>638,183.78</b>	608,583.56
Environmental protection tax	<b>96,421.44</b>	72,342.02
Property tax	<b>54,523.91</b>	32,133.03
Land use tax	<b>75.00</b>	75.00
Total	<b>12,112,733.89</b>	16,738,776.22

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 31. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	467,839,424.99	4,400,000.00
Long-term payables due within one year	35,792,978.27	36,082,354.96
Lease liabilities due within one year	–	1,372,093.89
Total	503,632,403.26	41,854,448.85

### 32. Other current liabilities

Item	Closing balance	Opening balance
Output VAT to be charged off	1,195,186.44	2,179,270.55
Total	1,195,186.44	2,179,270.55

### 33. Long-term borrowings

#### (1) Classification of long-term borrowings

Type of borrowings	Closing balance	Opening balance
Credit loans	563,839,424.99	568,100,000.00
Less: Long-term borrowings due within one year	467,839,424.99	4,400,000.00
Total	96,000,000.00	563,700,000.00

*Note:* As at 31 December 2024, the interest rate range of long-term borrowings was between 2.80% and 3.70% (31 December 2023: between 2.80% and 4.20%).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 34. Lease liabilities

Item	Closing balance	Opening balance
Lease liabilities	–	1,372,093.89
Less: Lease liabilities due within one year	–	1,372,093.89
Total	–	–

### 35. Long-term payable

Item	Closing balance	Opening balance
Long-term payables	295,283,686.37	329,954,279.12
Special payables	3,615,179.68	3,615,179.68
Total	298,898,866.05	333,569,458.80

#### (1) Long-term payable categorized by nature of payment

Nature of payment	Closing balance	Opening balance
Mineral royalty	331,076,664.64	365,909,553.59
Cash stock appreciation right payable	–	127,080.49
Less: Long-term payables due within one year	35,792,978.27	36,082,354.96
Total	295,283,686.37	329,954,279.12

Note: The Group has included the present value of mineral royalty in the original value of the mining rights of intangible assets (Note V. 15.)

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Long-term payables (Continued)

#### (2) Special payables

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Maintenance and improvement grant program for the supply of water, electricity and heating and property management	3,615,179.68	–	–	3,615,179.68
Total	3,615,179.68	–	–	3,615,179.68

### 36. Long-term employee benefits payable

Item	Closing balance	Opening balance
Dismiss benefits	1,481,219.57	–
Total	1,481,219.57	–

### 37. Provisions

Item	Closing balance	Opening balance	Reasons for formation
Provision for mine closure and environmental restoration	127,285,063.92	120,468,806.02	Note
Total	127,285,063.92	120,468,806.02	–

*Note:* Xinjiang Kalatongke Mining Co., Ltd., Xinjiang Yakesi Resources Co., Ltd., and Hami Jubao Resources Development Co., Ltd. recognized the provision for mine closure and environmental restoration in respect of mine closure costs and tailings dam closure costs. The management discounted projected future expenditures to net present value based on prior years' experience and the best estimate of future expenditures required for environmental restoration. This provision may be modified in the future years with the increasingly prominent impact of mining activities on land and the environment. The related mine closure and environmental restoration costs will be reviewed and revised annually as appropriate.

The Group recognizes the costs of mining geological environment restoration and treatment as abandonment costs in accordance with the mining geological environment protection and land reclamation plan and the relevant provisions of the Accounting Standards for Business Enterprises. The costs are included in the recorded cost of the relevant assets, amortized over the estimated mining life in proportion to the production, and charged to production costs.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38. Deferred income

#### (1) Classification of deferred income

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance	Reasons for formation
Government grants	25,181,706.31	930,000.00	1,578,476.21	24,533,230.10	Fiscal subsidies
Total	25,181,706.31	930,000.00	1,578,476.21	24,533,230.10	–

#### (2) Items of government grants

Liability items	Opening balance	New subsidy amount this year	Amounts included in non-operating income for the year	Amounts charged to other income during the year	Closing balance	Asset-related/ Revenue-related
<b>The Company:</b>						
Sulfuration bed renovation and centralized sodium washing project	296,458.00	–	–	61,332.00	235,126.00	Asset-related
Special funds for energy conservation and emission reduction in the autonomous region	600,000.14	–	–	99,999.96	500,000.18	Asset-related
Central funds for air pollution prevention and control	6,432,300.01	–	–	264,699.96	6,167,600.05	Asset-related
Sub-total of the Company	7,328,758.15	–	–	426,031.92	6,902,726.23	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38. Deferred income (Continued)

#### (2) Items of government grants (Continued)

Liability items	Opening balance	New subsidy amount this year	Amounts included in non-operating income for the year	Amounts charged to other income during the year	Closing balance	Asset-related/ Revenue-related
<b>Subsidiaries:</b>						
Subsidies for technical improvement projects	116,667.11	–	–	19,999.68	<b>96,667.43</b>	Asset-related
Funds for energy conservation and emission reduction projects	925,555.28	–	–	146,666.88	<b>778,888.40</b>	Asset-related
Special funds for environmental protection	320,000.61	–	–	79,999.68	<b>240,000.93</b>	Asset-related
Special subsidies for six systems construction	500,000.00	–	–	–	<b>500,000.00</b>	Asset-related
Key non-coal mine mountain video intelligent monitoring subsystem	–	310,000.00	–	5,166.67	<b>304,833.33</b>	Asset-related
Double-absorption project for sulphuric acid manufacturing	324,000.00	–	–	144,000.00	<b>180,000.00</b>	Asset-related
Government-allocated land use rights	7,027,556.92	–	–	209,777.88	<b>6,817,779.04</b>	Asset-related
Subsidies for the detailed investigation project of the western section of 2# ore deposit in the copper-nickel ore field	5,253,334.30	–	–	262,666.56	<b>4,990,667.74</b>	Asset-related
Fugitive gas compound desulfurizer project subsidy	2,390,000.08	–	–	83,333.28	<b>2,306,666.80</b>	Asset-related
Technical improvement and expansion project subsidy for nickel smelter	145,833.70	–	–	145,833.70	–	Asset-related
Subsidies for the final stage of mining expansion project	850,000.16	–	–	54,999.96	<b>795,000.20</b>	Asset-related
Key non-coal mine mountain video intelligent monitoring subsystem	–	620,000.00	–	–	<b>620,000.00</b>	Asset-related
Sub-total of subsidiaries	17,852,948.16	930,000.00	–	1,152,444.29	<b>17,630,503.87</b>	–
Total	25,181,706.31	930,000.00	–	1,578,476.21	<b>24,533,230.10</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Share capital

Item	At year-end		At the beginning of the year	
	Number of shares	Percentage of equity shares (%)	Number of shares	Percentage of equity shares (%)
Unlisted tradable shares	1,259,420,000.00	56.99	1,259,420,000.00	56.99
Holders of other overseas listed foreign shares (H shares)	950,580,000.00	43.01	950,580,000.00	43.01
Total	2,210,000,000.00	100.00	2,210,000,000.00	100.00

Note: The par value of each share of the Company is RMB0.25, and the total share capital is RMB552,500,000.00.

There was no movement of the Company's share capital for the year 2024.

### 40. Capital reserves

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Contribution from controlling shareholders related to mining rights	35,393,957.53	–	–	35,393,957.53
Share premium	4,219,360,899.96	–	–	4,219,360,899.96
Other capital reserves	3,815,140.27	–	–	3,815,140.27
Total	4,258,569,997.76	–	–	4,258,569,997.76

Note:

- The difference of RMB35,393,957.53 between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the present value of the long-term payable for the mining rights was treated as the contribution from Xinjiang Non-ferrous Group to the Company. The capital reserve was formed prior to the listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited in 2007.
- The difference of RMB4,219,360,899.96 between the paid-in capital and the share capital was recognized in capital reserves as a share premium.
- Xinjiang Non-ferrous Group provided a long-term interest-free borrowing to the Group and the difference of RMB3,815,140.27 between the principal amount of the borrowing and its fair value at initial recognition was recorded as a contribution from Xinjiang Non-ferrous Group to the Group in capital reserves. The borrowing was repaid in 2017.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 41. Special reserves

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Safety production costs	–	65,861,414.64	64,561,284.33	1,300,130.31
Total	–	65,861,414.64	64,561,284.33	1,300,130.31

*Note:* According to the relevant provisions of Cai Zi [2022] No. 136 issued by the State Administration of Work Safety, Kalatongke Mining, Xinjiang Yakesi are required to extract the safety production fund based on the standard of RMB15 per ton of copper-nickel ore. The fund for the tailings ponds of Kalatongke Mining and Xinjiang Yakesi is calculated on the basis of the volume of tailings put in storage. RMB4 per ton is for the tailings of the third and higher grades, and RMB5 per ton is for the tailings of the fourth and fifth grades. Kalatongke Mining are required to withdraw the safety production fund at 2.25%, 4.5% of the amount of sulfuric acid consumption/sales revenue of the prior year. Fukang Refinery, a subsidiary of the Company, is required to withdraw the safety production fund at 4.5% of the amount of sulfuric acid consumption/sales revenue of the prior year. Fukang Refinery and Kalatongke Mining use the excess regressive method for the withdrawal of the safety production fund based on the smelting revenue of the prior year. The safety production fund is withdrawn and included in the production costs and special reserves, and is used to directly write down special reserves as incurred if the fund is an expense in nature. When special reserves give rise to fixed assets, the special reserves are reduced by the cost of the generated fixed assets, and the same amount of accumulated depreciation is recognized. The related assets are no longer depreciated in subsequent periods. The amount of the safety production fund used for the expenditure on safety-related projects was RMB64,561,284.33 for the year 2024 (FY 2023: RMB61,987,209.29).

### 42. Surplus reserves

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserves	276,250,000.00	–	–	276,250,000.00
Total	276,250,000.00	–	–	276,250,000.00

*Note:* According to the Company Law of the People's Republic of China and the Articles of Association of the Company, the Company withdraws the statutory surplus reserve at 10% of the annual net profit. When the accumulated amount of the statutory surplus reserve reaches more than 50% of the share capital, it can no longer be withdrawn. After approval, the statutory surplus reserve may be used to make up for losses or increase the share capital. In accordance with the Company Law and the Articles of Association, the Company withdrew the statutory surplus reserve of RMB0.00 for the year 2024 (FY 2023: RMB0.00).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 43. Undistributed profits

Item	Current year	Prior year
Undistributed profits at the beginning of the year	<b>416,872,671.59</b>	585,709,023.40
Add: Net profit attributable to the shareholders of the Company for the year	<b>185,917,666.16</b>	162,663,648.19
Less: Dividends payable for ordinary shares	<b>110,500,000.00</b>	331,500,000.00
Closing balance of the year	<b>492,290,337.75</b>	416,872,671.59

*Note:* Pursuant to the resolutions of the board of directors' meeting held on 27 March 2024 and the resolutions of the general meeting of shareholders for the year ended 31 December 2023 held on 31 May 2024, the Company declared the final dividend for the year 2023 to its shareholders on the basis of a dividend of RMB0.05 (inclusive of tax) per share, totaling RMB110,500,000.00.

### 44. Revenue and cost of sales

#### (1) Details of revenue and cost of sales

Item	Current year incidence		Prior year Incidence	
	Revenue	Cost	Revenue	Cost
Main operation	<b>2,259,781,192.21</b>	<b>1,712,547,711.76</b>	2,027,611,770.81	1,345,732,338.87
Other operations	<b>21,618,047.41</b>	<b>14,098,506.44</b>	22,225,350.16	9,065,527.93
Total	<b>2,281,399,239.62</b>	<b>1,726,646,218.20</b>	2,049,837,120.97	1,354,797,866.80

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Revenue and cost of sales (Continued)

#### (2) Breakdown of revenue and cost of sales

Classification of contracts	Current year incidence			
	Segment 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
<b>Type of operation</b>				
Including:				
Main operation	2,259,781,192.21	1,712,547,711.76	2,259,781,192.21	1,712,547,711.76
Electrolytic nickel	1,161,909,194.45	815,194,222.92	1,161,909,194.45	815,194,222.92
Copper cathode	601,838,270.42	552,950,555.49	601,838,270.42	552,950,555.49
Copper leaching tailings and precious metal materials, etc	303,964,153.33	166,604,928.87	303,964,153.33	166,604,928.87
Others	192,069,574.01	177,798,004.48	192,069,574.01	177,798,004.48
Other operations:	21,618,047.41	14,098,506.44	21,618,047.41	14,098,506.44
Sales of electricity	2,054,131.56	1,689,454.51	2,054,131.56	1,689,454.51
Building rental	5,176,658.99	4,859,389.69	5,176,658.99	4,859,389.69
Sales of materials	6,055,849.15	1,266,414.47	6,055,849.15	1,266,414.47
Ore field heating	1,793,290.38	1,257,038.21	1,793,290.38	1,257,038.21
Others	6,538,117.33	5,026,209.56	6,538,117.33	5,026,209.56
<b>Classified by region of operation</b>				
Including:				
Domestic	2,281,399,239.62	1,726,646,218.20	2,281,399,239.62	1,726,646,218.20
Overseas	–	–	–	–
<b>Type of contract</b>				
<b>Classified by time of goods transfer</b>				
Including:				
Transfer at a point in time	2,272,375,158.69	1,718,840,335.79	2,272,375,158.69	1,718,840,335.79
Transfer over time	9,024,080.93	7,805,882.41	9,024,080.93	7,805,882.41
<b>Classified by sales channel</b>				
Including:				
Direct sales	2,281,399,239.62	1,726,646,218.20	2,281,399,239.62	1,726,646,218.20
<b>Total</b>	<b>2,281,399,239.62</b>	<b>1,726,646,218.20</b>	<b>2,281,399,239.62</b>	<b>1,726,646,218.20</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Revenue and cost of sales (Continued)

#### (2) Breakdown of revenue and cost of sales(continued)

Classification of contracts	Segment 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
<b>Type of operation</b>				
Including:				
Main operation	2,027,611,770.81	1,345,732,338.87	2,027,611,770.81	1,345,732,338.87
Electrolytic nickel	1,171,990,681.25	636,156,238.58	1,171,990,681.25	636,156,238.58
Copper cathode	296,104,015.49	339,437,234.97	296,104,015.49	339,437,234.97
Copper leaching tailings and precious metal materials, etc	373,157,853.91	172,538,346.47	373,157,853.91	172,538,346.47
Others	186,359,220.16	197,600,518.85	186,359,220.16	197,600,518.85
Other operations:	22,225,350.16	9,065,527.93	22,225,350.16	9,065,527.93
Sales of				
electricity	1,381,922.51	564,994.38	1,381,922.51	564,994.38
Building rental	16,110,460.55	4,987,985.88	16,110,460.55	4,987,985.88
Sales of materials	1,005,526.06	203,826.01	1,005,526.06	203,826.01
Ore field heating	704,900.19	701,283.68	704,900.19	701,283.68
Others	3,022,540.85	2,607,437.98	3,022,540.85	2,607,437.98
<b>Classified by region of operation</b>				
Including:				
Domestic	2,049,837,120.97	1,354,797,866.80	2,049,837,120.97	1,354,797,866.80
Overseas	—	—	—	—
<b>Classified by time of goods transfer</b>				
Including:				
Transfer at a point in time	2,031,639,837.72	1,348,543,602.86	2,031,639,837.72	1,348,543,602.86
Transfer over time	18,197,283.25	6,254,263.94	18,197,283.25	6,254,263.94
<b>Classified by sales channel</b>				
Including:				
Direct sales	2,049,837,120.97	1,354,797,866.80	2,049,837,120.97	1,354,797,866.80
Total	2,049,837,120.97	1,354,797,866.80	2,049,837,120.97	1,354,797,866.80

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Revenue and cost of sales (Continued)

#### (3) Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to the sales contract. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

#### (4) Information related to the transaction price apportioned to the remaining performance obligations

The amount of revenue corresponding to performance obligations that have been contracted for at the end of the year but have not yet been performed or have not yet been fulfilled is RMB4,829,566.60, of which RMB3,499,243.22, RMB1,224,541.61 and RMB105,781.83 are expected to be recognized as revenue in FY 2025, FY 2026 and FY 2027 respectively.

### 45. Taxes and surcharges

Item	Current year incurrence	Prior year incurrence
Urban maintenance and construction tax	4,193,335.79	4,092,662.72
Education surcharge	5,431,993.84	5,261,142.03
Resource tax	16,514,454.36	16,442,548.06
Property tax	14,484,339.02	11,228,355.56
Land use tax	4,860,359.67	3,814,883.14
Stamp duty	2,150,735.49	1,860,962.21
Other taxes	618,979.22	381,855.70
Total	48,254,197.39	43,082,409.42

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 46. Selling expenses

Item	Current year incurrence	Prior year incurrence
Handling costs and transportation fees	11,797,060.33	4,487,942.02
Employee benefits	4,018,724.58	4,911,720.75
Administrative and travel expenses	411,582.86	110,507.34
Depreciation	29,560.11	62,216.43
Others	1,311,671.84	525,251.87
Total	17,568,599.72	10,097,638.41

### 47. General and administrative expenses

Item	Current year incurrence	Prior year incurrence
Employee benefits	101,204,788.47	97,254,184.89
Exploring expense	11,553,256.33	14,450,731.07
Depreciation and amortization	25,798,439.50	28,516,086.51
Repair costs	3,324,938.19	7,362,037.37
Research consultation fees	1,534,149.32	3,987,611.53
Intermediary fees	5,522,716.72	6,751,010.15
Comprehensive support service fee	3,226,415.04	3,226,415.04
Administrative office expenses	3,248,502.47	3,031,479.07
Audit fees	2,672,079.11	1,857,001.18
Rental fees	2,046,719.80	1,292,750.70
Others	35,172,495.82	34,526,283.56
Total	195,304,500.77	202,255,591.07

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 48. Research and development expenses

Item	Current year incurrence	Prior year incurrence
Material consumption	21,533,010.33	30,505,209.55
Employee benefits	8,428,114.78	11,959,934.52
Depreciation and amortization	2,525,876.09	5,096,799.99
Outsourcing costs	3,917,644.02	4,201,147.61
Other related costs	2,669,892.45	6,235,975.51
Total	39,074,537.67	57,999,067.18

### 49. Financial expenses

Item	Current year incurrence	Prior year incurrence
Interest expenses	23,704,862.77	37,497,895.10
Less: Interest income	6,279,964.10	12,089,801.57
Add: Exchange gains and losses	848,668.47	2,786,072.15
Other expenditures	20,495,472.57	21,465,040.89
Total	38,769,039.71	49,659,206.57

### 50. Gains on changes in fair value

Sources of gains on changes in fair value	Current year incurrence	Prior year incurrence
Derivative financial assets and derivative financial liabilities – Metal trading contract	17,406,628.51	-65,838,745.71
Cash-settled share-based payments	128,660.91	1,750,358.15
Total	17,535,289.42	-64,088,387.56



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 51. Other income

Source of other income	Current year incurrence	Prior year incurrence	Asset-related/ revenue-related
Special subsidy funds for energy conservation and emission reduction	511,832.59	1,427,110.38	Asset-related
Special funds for technological transformation	856,865.74	959,365.47	Asset-related
Government-allocated land-use rights	209,777.88	209,777.88	Asset-related
Sub-total	1,578,476.21	2,596,253.73	–
High-tech enterprise subsidy incentives	–	350,000.00	Revenue-related
Job stabilization subsidy	984,066.90	1,270,340.98	Revenue-related
Enterprise social security subsidy	1,313,491.43	2,033,420.09	Revenue-related
Grant for key technology and engineering demonstration of multi-component deep separation and extraction of sulfur-based nickel and cobalt slag	–	1,490,800.00	Revenue-related
VAT subsidies	24,973,038.49	18,000.00	Revenue-related
Funding for science and technology development plan projects	–	120,000.00	Revenue-related
Incentive Funds for Incubation Programs for SRDI SMEs	250,000.00	506,600.00	Revenue-related
Personal tax handling fee refund	41,596.98	66,237.32	Revenue-related
Job retention and expansion benefits	–	4,500.00	Revenue-related
Apprenticeship training subsidy payments	–	295,000.00	Revenue-related
Benchmarking incentive payments	–	30,000.00	Revenue-related
Subsidized payments for craftsmen in Xinjiang	–	136,500.00	Revenue-related
Apprenticeship subsidy from Human Resources and Social Security Bureau	181,720.00	221,760.00	Revenue-related
Gain on debt restructuring	161,263.33	57,886.31	Revenue-related
Tailings pond risk management subsidies	4,910,000.00	–	Revenue-related
Green mine subsidies	500,000.00	–	Revenue-related
Vocational skills upgrading and training subsidies	176,000.00	–	Revenue-related
Special adjustment fund for vocational education	259,000.00	–	Revenue-related
Others	50,000.00	2,579.24	Revenue-related
Sub-total	33,800,177.13	6,603,623.94	–
Total	35,378,653.34	9,199,877.67	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 52. Investment income

Item	Current year incurrence	Prior year incurrence
Net profit from a joint venture under the equity method	5,659,881.94	-15,818,657.97
Unrealized net profit between the joint-venture and the Group	-1,200,493.28	-17,248,451.54
Investment income from the disposal of financial assets held for trading	117,926.03	211,908.22
Total	4,577,314.69	-32,855,201.29

Note: The Group does not have significant restrictions on investment income repatriation.

### 53. Credit impairment Loss

Item	Current year incurrence	Prior year incurrence
Bad debt losses on accounts receivable	2,769,242.21	-950,858.41
Bad debt losses on other receivables	533,950.46	-2,695,025.08
Total	3,303,192.67	-3,645,883.49

### 54. Asset impairment loss

Item	Current year incurrence	Prior year incurrence
Loss on decline in value of inventories and impairment loss on contract performance costs	-26,789,944.90	-28,427,280.35
Impairment loss on fixed assets	–	-6,071,454.37
Impairment loss of intangible assets	-31,754,162.97	–
Total	-58,544,107.87	-34,498,734.72

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 55. Gains on the disposal of assets

Item	Current year incurrence	Prior year incurrence
Gains on disposal of non-current assets	307,806.20	—
Gains on disposal of non-current assets not classified as held for sale	307,806.20	—
Including: Gains on disposal of fixed assets	307,806.20	—
Total	307,806.20	—

### 56. Non-operating income

Item	Current year incurrence	Prior year incurrence	Amounts included in non-recurring gains and losses for the year
Gains on disposal of damaged or scrapped non-current assets	—	5,466.02	—
Revenue from fines and forfeitures	1,134,337.98	450,880.00	1,134,337.98
Amounts not required to be paid	1,856,296.58	5,193,706.44	1,856,296.58
Others	736,732.04	962,445.69	736,732.04
Total	3,727,366.60	6,612,498.15	3,727,366.60

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 57. Non-operating expenses

Item	Current year incurrence	Prior year incurrence	Amounts included in non-recurring gains and losses for the year
Loss on disposal of damaged or scrapped non-current assets	1,668,932.87	450,688.64	1,668,932.87
External donation expenses	166,858.54	248,307.00	166,858.54
Expenses for damages, liquidated damages and penalties	3,717,641.10	71,829.12	3,717,641.10
Others	1,255,520.33	1,944,629.76	1,255,520.33
Total	6,808,952.84	2,715,454.52	6,808,952.84

### 58. Income tax expenses

#### (1) Income tax expenses

Item	Current year incurrence	Prior year incurrence
Income tax expenses for the year	23,338,319.80	37,435,703.36
Deferred income tax expenses	17,971,408.19	10,175,776.09
Total	41,309,727.99	47,611,479.45

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Income tax expenses (Continued)

#### (2) Adjustments to accounting profit and income tax expenses

Item	Current year incurrence
Total consolidated profit for the year	215,258,708.37
Income tax expenses at statutory/applicable tax rate	32,288,806.26
Effect of applying different tax rates to subsidiaries	-4,507,893.81
Effect of adjustments to income taxes of prior periods	7,106,525.89
Effect of non-taxable income	2,936,077.01
Effect of non-deductible costs, expenses, and losses	1,211,757.32
Effect of using deductible losses not recognized as deferred income tax assets in prior periods	—
Effect of deductible temporary differences or deductible losses not recognized as deferred income tax assets in the current year	2,274,455.32
Income tax expenses	41,309,727.99

### 59. Earnings per share

#### (1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net income attributable to the Company's common shareholders by the weighted average of common shares outstanding:

Item	FY 2024	FY 2023
Consolidated net profit attributable to common shareholders of the Company	185,917,666.16	162,663,648.19
Weighted average of common shares outstanding of the Company	2,210,000,000.00	2,210,000,000.00
Basic earnings per share	0.084	0.074
Including: Basic earnings per share under going concern	0.084	0.074
Basic earnings per share under discontinued operations	—	—

#### (2) Diluted earnings per share

Diluted earnings per share is computed by dividing consolidated net income attributable to the Company's common stockholders, as adjusted for dilutive potential common shares, by the adjusted weighted average of common shares of the Company issued and outstanding. There were no dilutive potential common shares in the Company in FY 2024 (FY 2023: none) and therefore diluted earnings per share equals basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 60. Cash flow statement items

#### (1) Cash related to operating activities

##### 1) Cash received relating to other operating activities

Item	Current year incurrence	Prior year incurrence
Restricted cash at bank	5,159,450.64	–
Interest income	6,279,964.10	12,039,799.47
Government grants received	9,554,278.33	5,675,500.33
Reserves, deposits, and guarantees	16,829,543.93	12,511,713.63
Others	17,310,330.94	6,518,082.59
Total	55,133,567.94	36,745,096.02

##### 2) Cash paid relating to other operating activities

Item	Current year incurrence	Prior year incurrence
Pay for loading, unloading, and transportation fees	10,237,276.31	4,489,942.02
Payment of intermediary fees	8,387,507.97	8,463,784.65
Research services and exploration fees	6,466,716.20	17,426,720.58
Machine and material repair costs	494,379.99	7,881,016.62
Payment of administrative and office expenses	9,501,236.35	5,368,302.79
Comprehensive support service fee	3,226,415.09	3,226,415.04
Payment of greening fees	4,827,856.70	3,751,258.39
Rental fees	2,046,719.80	1,292,750.70
Payment of bank transaction fees	104,165.41	293,453.97
Public welfare donation expenditure	–	10,000.00
Vehicle transportation expenses	1,192,818.03	1,832,280.02
Other sporadic expenses	24,062,708.17	18,958,049.84
Total	70,547,800.02	72,993,974.62

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 60. Cash flow statement items (Continued)

#### (2) Cash related to investing activities

##### 1) Significant cash received relating to investing activities

Item	Current year incurrence	Prior year incurrence
Structured deposit redemption	11,000,000.00	22,000,000.00
Total	11,000,000.00	22,000,000.00

##### 2) Significant cash paid in connection with investing activities

Item	Current year incurrence	Prior year incurrence
Purchase of structured deposits	—	22,000,000.00
Total	—	22,000,000.00

##### 3) Cash received related to other investing activities

Item	Current year incurrence	Prior year incurrence
Structured deposit redemption	11,000,000.00	22,000,000.00
Total	11,000,000.00	22,000,000.00

##### 4) Cash paid related to other investing activities

Item	Current year incurrence	Prior year incurrence
Purchase of structured deposits	—	22,000,000.00
Total	—	22,000,000.00



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 60. Cash flow statement items (Continued)

#### (3) Cash related to financing activities

##### 1) Changes in liabilities arising from financing activities

Item	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	200,000,000.00	200,000,000.00	159,722.23	200,000,000.00	-	200,159,722.23
Long-term borrowings	563,700,000.00	-	-	-	467,700,000.00	96,000,000.00
Long-term payables	333,569,458.80	-	-	-	34,670,592.75	298,898,866.05
Non-current liabilities due within one year	41,854,448.85	-	516,782,958.30	55,005,003.89	-	503,632,403.26
Total	1,139,123,907.65	200,000,000.00	516,942,680.53	255,005,003.89	502,370,592.75	1,098,690,991.54

##### 2) Cash paid related to other financing activities

Item	Current year incurrence	Prior year incurrence
Payment of lease liabilities	18,146,938.58	1,220,787.62
Total	18,146,938.58	1,220,787.62

#### (4) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

Item	Current year incurrence	Prior year incurrence
Inventory procurement funds paid by bank acceptance notes	843,803,363.87	788,794,466.11
Purchase funds for long-term assets paid by bank acceptance notes	274,942,779.80	399,260,276.02
Total	1,118,746,143.67	1,188,054,742.13

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 61. Cash flow statement supplement

#### (1) Cash flow statement supplement

Item	Current year amount	Prior year amount
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	<b>173,948,980.38</b>	162,342,576.31
Add: Provision for asset impairment	<b>58,544,107.87</b>	34,498,734.72
Credit impairment Loss	<b>-3,303,192.67</b>	3,645,883.49
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	<b>265,526,396.47</b>	276,171,973.14
Depreciation of right-of-use assets	<b>2,266,804.63</b>	3,171,893.61
Amortization of intangible assets	<b>40,359,864.44</b>	41,178,871.07
Amortization of long-term prepaid expenses	<b>642,168.36</b>	1,142,971.72
Losses on disposal of fixed assets, intangible assets, and other long-term assets (gains marked with "-")	<b>-469,069.53</b>	-57,886.31
Losses on write-off of fixed assets (gains marked with "-")	<b>1,668,932.87</b>	445,222.62
Losses on changes in fair value (gains marked with "-")	<b>-17,535,289.42</b>	64,088,387.56
Financial expenses (gains marked with "-")	<b>27,721,425.46</b>	59,926,775.82
Losses on investment (gains marked with "-")	<b>-4,577,314.69</b>	32,855,201.29
Decrease in deferred tax assets (increase marked with "-")	<b>26,337,886.95</b>	11,305,523.95
Increase in deferred tax liabilities (decrease marked with "-")	<b>-8,366,478.76</b>	-1,129,747.86
Decrease in inventories (increase marked with "-")	<b>226,063,896.22</b>	70,079,336.66
Decrease in operating receivables (increase marked with "-")	<b>-250,825,023.43</b>	-46,628,572.64
Increase in operating payables (decrease marked with "-")	<b>-359,193,881.37</b>	-91,348,788.16
Others	<b>18,769,850.00</b>	-63,731,860.25
Net cash flows generated from operating activities	<b>197,580,063.78</b>	557,956,496.74

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 61. Cash flow statement supplement (Continued)

#### (1) Cash flow statement supplement (Continued)

Item	Current year amount	Prior year amount
<b>2. Significant investment and financing activities not related to cash deposit and withdrawal:</b>		
Conversion of debt into capital	–	–
Convertible corporate bonds due within one year	–	–
Finance leased fixed assets	–	–
<b>3. The net movement of cash and cash equivalents:</b>		
Closing balance of cash	<b>468,798,336.69</b>	483,702,769.38
Less: Opening balance of cash	<b>483,702,769.38</b>	621,470,686.87
Add: Closing balance of cash equivalents	–	–
Less: Opening balance of cash equivalents	–	–
Net increase in cash and cash equivalents	<b>-14,904,432.69</b>	-137,767,917.49

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 61. Cash flow statement supplement (Continued)

#### (2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
Cash	468,798,336.69	483,702,769.38
Including: Unrestricted cash at bank and on hand	468,798,336.69	483,702,769.38
Cash equivalents	–	–
Cash and cash equivalents at end of year	468,798,336.69	483,702,769.38

#### (3) Monetary funds not classified as cash and cash equivalents

Item	Closing balance	Opening balance	Reasons for not being classified as cash and cash equivalents
Deposits for bank acceptance notes	45,038,625.72	63,808,475.72	Not available for withdrawal at any time
Environmental restoration and production safety deposits	19,834,743.46	6,173,974.81	Not available for withdrawal at any time
ETC guarantee	15,800.00	12,000.00	Not available for withdrawal at any time
Funds subject to restrictions on use due to freezing	–	43,969.29	Not available for withdrawal at any time
Dedicated accounts and public call deposits	77,692.61	87,892.61	Not available for withdrawal at any time
Total	64,966,861.79	70,126,312.43	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 62. Leases

The Group does not lease fixed assets through financial leasing.

#### (1) The Group as the lessee

Item	Current year incurrence	Prior year incurrence
Interest expenses on lease liabilities	54,680.68	89,076.67
Short-term lease expenses recognized in profit or loss using the simplified approach	2,046,719.80	1,292,750.70
Total cash outflows related to leases	20,193,658.38	2,513,538.32

#### (2) The Group as the lessor

1) Operating leases where the Group is the lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Housing leasing	5,176,658.99	–
Equipment leasing	435,202.29	–
Total	5,611,861.28	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VI. R&D COSTS

Item	Current year incurrence	Prior year incurrence
Material consumption	21,533,010.33	30,505,209.55
Employee benefits	8,383,579.78	11,959,934.52
Depreciation and amortization	2,614,946.09	5,096,799.99
Outsourcing costs	5,814,413.31	4,201,147.61
Other related costs	2,669,892.45	9,429,629.69
Total	41,015,841.96	61,192,721.36
Including: Expensed R&D costs	39,074,537.67	57,999,067.18
Capitalized R&D costs	1,941,304.29	3,193,654.18

*Note:* The capitalized research and development expenditure for the year was RMB1,144,339.63 for exploration expenditure on the peripheral copper mines in the Kalatongke mining area in Fuyun County, Xinjiang, RMB561,115.60 for exploration expenditure on the Hami Geta Mountain project and RMB235,849.06 for exploration expenditure on the vanadium project in Kuoxitaxi, Wushi County.

### 1. R&D projects eligible for capitalization

Item	Opening balance	Increase during the year		Decrease during the year			Closing balance
		Internal development costs	Others	Recognized as intangible assets	Transfer to current profit or loss	Others	
Beryllium copper alloy network collaborative manufacturing new mode application project of Xinjiang Yakesi Resources Co., Ltd.	3,882,835.21	-	-	-	-	-	3,882,835.21
Huangshan Copper-Nickel Mine 350 Middle Motor Vehicle Unmanned Project of Xinjiang Yakesi	283,185.86	-	-	-	-	-	283,185.86
Hami Geta Mountain Project	2,273,301.89	561,115.60	-	-	-	-	2,834,417.49
Periphery Cooper mining in Fuyun Kalatongke	2,435,397.90	1,144,339.63	-	-	-	-	3,579,737.53
Vanadium Project in Kuoxitaxi, Wushi County	-	235,849.06	-	-	-	-	235,849.06
Production control platform software development	1,561,007.99	-	-	-	-	-	1,561,007.99
Exploration costs	9,639,371.37	-	-	-	-	-	9,639,371.37
Total	20,075,100.22	1,941,304.29	-	-	-	-	22,016,404.51

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) Composition of the enterprise group

Name of subsidiaries	Registered capital	Type of legal entity	Main operation place	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method
						Direct	Indirect	
Xinjiang Yakesi Resources Development Co., Ltd	500,000,000.00	Joint stock company	Hami, the PRC	Hami, the PRC	Mining	99.51	0.49	Business combination not under common control
Hami Jubao Resources Development Co., Ltd.	120,000,000.00	Limited liability company	Hami, the PRC	Hami, the PRC	Mining	98.96	1.04	Business combination not under common control
Xinjiang Zhongxin Mining Co., Ltd.	120,000,000.00	Limited liability company	Hami, the PRC	Hami, the PRC	smelting	97.58	–	Business combination not under common control
Xinjiang Kalatongke Mining Co., Ltd.	1,230,000,000.00	Limited liability company	Fuyun, the PRC	Fuyun, the PRC	Mining and smelting	100.00	–	Through establishment or investment
Shaanxi Xinxin Mining Co., Ltd.	10,000,000.00	Limited liability company	Shangnan, the PRC	Shangnan, the PRC	Mining	51.00	–	Business combination not under common control
Xinjiang Mengxi Mining Industry Co., Ltd.	15,918,400.00	Limited liability company	Hami, the PRC	Hami, the PRC	Mining	51.00	–	Through establishment or investment
Beijing Xinding Shunze Hi Tech Co., Ltd.	145,000,000.00	Limited liability company	Beijing, the PRC	Beijing, the PRC	R&D, property management	100.00	–	Through establishment or investment

#### (2) Significant non-wholly owned subsidiaries

Name of subsidiaries	Minority shareholding percentage	Profit or loss attributable to minority shareholders for the year	Dividends declared to minority shareholders for the year	Balance of minority interests at the end of the year
Xinjiang Zhongxin Mining Co., Ltd.	2.42%	-122,004.49	–	-5,358,656.94
Shaanxi Xinxin Mining Co., Ltd.	49.00%	-11,881,087.84	–	6,512,948.23
Xinjiang Mengxi Mining Industry Co., Ltd.	49.00%	34,406.55	–	3,192,765.04



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (3) Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Zhongxin Mining Co., Ltd.	31,904,331.38	73,904,394.68	105,808,726.06	36,954,043.14	213,090,056.20	250,044,099.34
Shaanxi Xinxin Mining Co., Ltd.	201,860.17	42,890,661.67	43,092,521.84	22,836,986.87	6,963,803.89	29,800,790.76
Xinjiang Mengxi Mining Industry Co., Ltd.	6,517,596.34	–	6,517,596.34	1,749.33	–	1,749.33

(Continued)

Name of subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Zhongxin Mining Co., Ltd.	34,759,508.40	77,184,617.34	111,944,125.74	37,540,684.31	213,597,306.95	251,137,991.26
Shaanxi Xinxin Mining Co., Ltd.	262,080.69	74,645,034.87	74,907,115.56	22,465,921.81	14,902,344.63	37,368,266.44
Xinjiang Mengxi Mining Industry Co., Ltd.	11,927,529.57	–	11,927,529.57	5,481,900.00	–	5,481,900.00

(Continued)

Name of subsidiaries	Current year incurrence			
	Revenue	Net profit	Total comprehensive profit	Operating cash flow
Xinjiang Zhongxin Mining Co., Ltd.	6,448,042.01	-5,041,507.76	-5,041,507.76	521,266.37
Shaanxi Xinxin Mining Co., Ltd.	–	-24,247,118.04	-24,247,118.04	-31,812.98
Xinjiang Mengxi Mining Industry Co., Ltd.	–	70,217.44	70,217.44	-5,483,767.57

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (3) Key financial information of significant non-wholly owned subsidiaries (Continued)

(Continued)

Name of subsidiaries	Revenue	Net profit	Prior year incurrence	
			Total comprehensive profit	Operating cash flow
Xinjiang Zhongxin Mining Co., Ltd.	2,675,528.59	-8,134,159.51	-8,134,159.51	-2,849,984.96
Shaanxi Xinxin Mining Co., Ltd.	-	-400,071.60	-400,071.60	41,751.59
Xinjiang Mengxi Mining Industry Co., Ltd.	-	199,989.94	199,989.94	-55,753.53

### 2. Interests in joint ventures

#### (1) Significant joint ventures

Name of joint ventures	Main operation place	Place of registration	Nature of business	Shareholding percentage (%)		Accounting treatment method
				Direct	Indirect	
Hami Hexin Mining Industry Co., Ltd.	Hami, the PRC	Hami, the PRC	Mining	50.00	-	Equity method

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in joint ventures (Continued)

#### (2) Key financial information on significant joint ventures

Item	Closing balance/ Current year incurrence	Opening balance/ Prior year incurrence
Current assets	<b>73,680,278.09</b>	116,091,851.65
Including: Cash and cash equivalents	<b>8,717,871.74</b>	29,952,309.21
Non-current assets	<b>421,944,449.49</b>	438,729,277.93
<b>Total assets</b>	<b>495,624,727.58</b>	554,821,129.58
Current liabilities	<b>164,939,247.42</b>	180,265,413.34
Non-current liabilities	<b>446,205.37</b>	55,636,205.37
<b>Total liabilities</b>	<b>165,385,452.79</b>	235,901,618.71
<b>Total net assets</b>	<b>330,239,274.79</b>	318,919,510.87
Including: Non-controlling interests	–	–
Equity attributable to shareholders of the parent company	<b>330,239,274.79</b>	318,919,510.87
<b>Share of net assets based on percentage of shareholding</b>	<b>165,119,637.38</b>	159,459,755.44
Adjustments		
– Goodwill	<b>44,668,386.35</b>	44,668,386.35
– Unrealized profits in internal trading	<b>-19,242,861.38</b>	-18,042,368.10
<b>Book value of equity investments in joint ventures</b>	<b>190,545,162.35</b>	186,085,773.69
<b>Fair value of investments in interests in joint ventures for which publicly quoted prices exist</b>	–	–

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in joint ventures (Continued)

#### (2) Key financial information on significant joint ventures (Continued)

Item	Closing balance/ Current year incurrence	Opening balance/ Prior year incurrence
Revenue	<b>181,977,020.28</b>	151,103,581.55
Financial expenses	<b>2,991,597.59</b>	4,000,361.59
Income tax expenses	–	1,568,366.94
Net profit	<b>9,947,687.11</b>	-28,668,255.17
Net profit from termination of operations	–	–
Other comprehensive income	–	–
Total comprehensive profit	<b>9,947,687.11</b>	-28,668,255.17
Dividends received from joint ventures during the year	–	11,000,000.00

*Note:* Based on the net profit in the financial statements of the joint ventures, the Group calculates the corresponding share of net assets according to the shareholding percentage. The amount in the financial statements of the joint venture has taken the fair value of identifiable assets and liabilities of the investee joint venture into consideration.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## VIII. GOVERNMENT GRANTS

### 1. Government grants recognized at the end of the year based on amounts receivable

None.

### 2. Liability items involving government grants

Accounting title	Opening balance	New subsidy amount this year	Amount included in non-operating income for the year	Amounts transferred to other income during the year	Other changes during the year	Closing balance	Asset-related/revenue-related
Deferred income	25,181,706.31	930,000.00	–	1,578,476.21	–	24,533,230.10	V. 38

### 3. Government grants through profit or loss

Accounting title	Current year incurrence	Prior year incurrence
Other income	35,125,793.03	9,073,174.80

## IX. FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk, and concentration risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance as follows:

The Board is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of the risk management measures. The Group has developed risk management policies to identify and analyze the risks that the Group is facing, which the risk management policy has specified the specific risks, covering the market risk, credit risk and liquidity risk management, and many other parties surface. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policy approved by the Board. The Risk Management Committee adopted the work closely with other business units to identify, evaluate, and evade related risks. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Group's audit committee.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IX. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### 1. Market risk

#### (1) Foreign exchange risk

The Group's main operations are located in China and its main business is settled in RMB. Foreign exchange risks identified by the Group in foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated primarily in US dollars and Hong Kong dollars). The Group continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks it faces, and for this reason, the Group may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts. The Group had not signed any forward foreign exchange contracts or currency swap contracts as at FY 2024 and FY 2023.

As at 31 December 2024 and 31 December 2023, the Group did not hold foreign currency financial assets and foreign currency financial liabilities.

#### (2) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Floating-rate financial liabilities expose the Group to cash flow interest rate risk, and fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative proportion of contracts at a fixed rate and contracts at a floating rate based on market situation. As at 31 December 2024, the Group's interest-bearing debts were RMB-denominated floating rate loan contracts with an aggregate amount of RMB763,700,000.00 (31 December 2023: RMB768,100,000.00).

The Group continuously monitors its interest rate level. A rise in interest rates would increase the cost of new interest-bearing debt and interest expense on the Group's outstanding interest-bearing debt at floating rates and have a material adverse effect on the Group's financial results, and management makes timely adjustments based on the latest market conditions, which may be in the form of interest rate swap arrangements to reduce interest rate risk. The Group had no interest rate swap arrangements as at FY 2024 and FY 2023.

For the year ended 31 December 2024, if interest rates on borrowings at variable rates had decreased or increased by 10% with all other factors held constant, the Group's net profit would have increased or decreased by RMB2,517,154.15 (31 December 2023: net profit would have increased or decreased by RMB3,386,997.15).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IX. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### 1. Market risk (Continued)

#### (3) Concentration risk

The Group's revenue is mainly derived from the sales of electrolytic nickel, cathode copper, and other tailings, and 59% (FY 2023: 61%) of the sales revenue in FY 2024 was derived from the top three customers, and the Group has not entered into any long-term sales contracts with these three customers, among others. In the event that these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations.

### 2. Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, financing receivables, other receivables, contract assets, financial guarantee contracts, etc. As at the balance sheet date, the book value of the Group's financial assets represents their full credit risk exposure. The maximum credit risk exposure off the balance sheet is RMB25,000,000.00 which arises from the undertaking of a financial guarantee.

As at 31 December 2024, the amount of financial guarantees provided by the Group to Hexin Mining amounted to a principal amount of RMB25,000,000.00, with no payment in lieu, overdue interest or penalty. The Group assess that there is no credit impairment loss for the financial guarantee contract.

The financial guarantee provided by the Group is the guarantee for the joint venture. The Group continuously monitors the financial position of joint ventures and manages the credit risk exposure by controlling the total amount of guarantee and providing a guarantee jointly with the other participants of joint ventures to ensure that the credit risk is limited to a controllable extent.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at state-owned banks and other medium or large size listed banks, and no significant losses are expected from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable, contract assets, financing receivables, other receivables, etc. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history, and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2024, the Group had no significant collateral and other credit enhancements held as a result of debtor mortgages (31 December 2023: none).



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IX. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### 3. Liquidity risk

Cash flow forecasting was performed by each subsidiary of the Group. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from a major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

**(1) The undiscounted contractual cash flows of each of the Group's financial liabilities are presented below by maturity date:**

Item	31 December 2024				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	202,937,638.89	-	-	-	202,937,638.89
Financial liabilities held for trading	-	-	-	-	-
Notes payable	143,487,517.26	-	-	-	143,487,517.26
Accounts payable	344,271,240.37	-	-	-	344,271,240.37
Other payables	175,467,625.44	-	-	-	175,467,625.44
Long-term borrowings	471,312,375.00	96,000,000.00	-	-	567,312,375.00
Long-term payables	151,932,910.00	51,755,413.24	147,698,730.00	312,170,110.00	663,557,163.24
Lease liabilities	-	-	-	-	-
<b>Total</b>	<b>1,489,409,306.96</b>	<b>147,755,413.24</b>	<b>147,698,730.00</b>	<b>312,170,110.00</b>	<b>2,097,033,560.20</b>

(Continued)

Item	31 December 2023				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	203,703,791.67	-	-	-	203,703,791.67
Financial liabilities held for trading	48,976,869.63	-	-	-	48,976,869.63
Notes payable	25,700,000.00	-	-	-	25,700,000.00
Accounts payable	667,412,627.82	-	-	-	667,412,627.82
Other payables	212,210,363.97	-	-	-	212,210,363.97
Long-term borrowings	23,577,606.94	480,489,455.28	97,749,333.33	-	601,816,395.55
Long-term payables	50,482,376.00	50,482,376.00	145,944,218.00	136,344,082.67	383,253,052.67
Lease liabilities	1,372,093.89	-	-	-	1,372,093.89
<b>Total</b>	<b>1,233,435,729.92</b>	<b>530,971,831.28</b>	<b>243,693,551.33</b>	<b>136,344,082.67</b>	<b>2,144,445,195.20</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## IX. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### 3. Liquidity risk (continued)

- (2) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

Item	31 December 2024				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial guarantees	25,000,000.00	–	–	–	25,000,000.00

(Continued)

Item	31 December 2023				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial guarantees	62,750,000.00	–	–	–	62,750,000.00

- (3) The Group's bank borrowings were analyzed by repayment terms as follows:

Item	Closing balance	Opening balance
Within 1 year	667,700,000.00	204,400,000.00
1-2 years	96,000,000.00	467,700,000.00
2-5 years	–	96,000,000.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## X. FAIR VALUE DISCLOSURES

The level to which a fair value measurement result belongs is determined by the lowest level to which the inputs that are significant to the overall fair value measurement belong:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 inputs that are observable for the related asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the related asset or liability.

### 1. Assets and liabilities continuously measured at fair value

Item	Closing fair value			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
Financial assets held for trading – Structural deposits	–	–	–	–
Financial assets held for trading – derivative financial instruments	444,342.48	–	–	444,342.48
Financing receivable – Notes receivable	–	–	59,407,818.41	59,407,818.41
Total financial assets	444,342.48	–	59,407,818.41	59,852,160.89

(Continued)

Item	Opening fair value			Total
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	
Financial assets held for trading – Structural deposits	–	–	11,000,000.00	11,000,000.00
Financing receivable – Notes receivable	–	–	119,680,583.62	119,680,583.62
Total financial assets	–	–	130,680,583.62	130,680,583.62
Financial liabilities held for trading	48,976,869.63	–	–	48,976,869.63
Total financial liabilities	48,976,869.63	–	–	48,976,869.63

The Group confirms its converting point based on the date of occurrence of the matters leading to conversion between levels. No conversion existed between Level 1 and Level 2 during the period.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## X. FAIR VALUE DISCLOSURES (CONTINUED)

### 1. Assets and liabilities continuously measured at fair value (Continued)

The fair value of financial instruments traded in an active market is determined at the quoted market price, and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation model used is mainly the discounted cash flow model, and the inputs of the valuation technique primarily include risk-free interest rates, benchmark interest rates and expected rates of return.

The movement of the above assets and liabilities in Level 3 was listed as follows:

As at 31 December 2024:

Item	Opening balance	Increase	Decrease	Total gains or losses during the current period		Closing balance	For assets held and liabilities assumed at the end of the year, unrealized gains or losses for the year recognized in profit or loss
				Recognized in profit or loss	Recognized in other comprehensive income		
Financial assets held for trading –							
Structural deposits	11,000,000.00	-	11,000,000.00	117,926.03	-	-	-
Financing receivable – Notes receivable	119,680,583.62	677,656,904.80	737,929,670.01	-	-	59,407,818.41	-
Sub-total	130,680,583.62	677,656,904.80	748,929,670.01	117,926.03	-	59,407,818.41	-

As at 31 December 2023:

Item	Opening balance	Increase	Decrease	Total gains or losses during the current period		Closing balance	For assets held and liabilities assumed at the end of the year, unrealized gains or losses for the year recognized in profit or loss
				Recognized in profit or loss	Recognized in other comprehensive income		
Financial assets held for trading –							
Structural deposits	11,000,000.00	22,000,000.00	22,000,000.00	211,908.22	-	11,000,000.00	-
Financing receivable – Notes receivable	145,854,590.43	1,340,937,367.78	1,367,111,374.59	-	-	119,680,583.62	-
Sub-total	156,854,590.43	1,362,937,367.78	1,389,111,374.59	211,908.22	-	130,680,583.62	-

Gains or losses included in profit or loss were presented in the income statements as the items of gains or losses on changes in fair value, investment income and asset impairment losses, etc.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## X. FAIR VALUE DISCLOSURES (CONTINUED)

### 1. Assets and liabilities continuously measured at fair value (Continued)

The information related to fair value measurement in Level 3 was as follows:

Item	Closing fair value	Valuation technique	Inputs			
			Name	Range (weighted average)	Relationship with fair value	Observable/ Unobservable
Financial assets held for trading- Structural deposits	-	-	-	-	-	-
Financing receivable- Notes receivable	59,407,818.41	Discounted cash flow model	Discount rates	3.45%	Negative correlation	Unobservable

(Continued)

Item	Closing fair value	Valuation technique	Inputs			
			Name	Range (weighted average)	Relationship with fair value	Observable/ Unobservable
Financial assets held for trading- Structural deposits	11,000,000.00	Discounted cash flow model	Expected rate of return	1.45%-2.35%	Positive correlation	Unobservable
Financing receivable-Notes receivable	119,680,583.62	Discounted cash flow model	Discount rates	3.45%	Negative correlation	Unobservable

- 2. The Group does not have assets subsequently measured at fair value on a non-continuing basis.**
- 3. Disclosure of the fair value of assets and liabilities that are not subsequently measured at fair value**

The Group's financial assets and financial liabilities measured at amortised cost mainly include notes receivable, receivables, short-term borrowings, payables, long-term borrowings, long-term payables, etc. Except for the financial assets and financial liabilities mentioned above, there is no significant difference between the book value of other financial assets and financial liabilities not measured at fair value and the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XI. CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern, thereby providing returns for shareholders and benefits for other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistent with other companies in the same industry, the Group monitors its capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital. Net debt is equal to total borrowings (including short-term borrowings, long-term borrowings, bonds payable, long-term payables, etc.) less cash and cash equivalents. Total capital is the sum of owners' equity as shown in the consolidated balance sheet and net debt.

As of 2024, the Group's strategy is to maintain a gearing ratio between 5% and 30%, which is consistent with the previous year. As at 31 December 2024 and 31 December 2023, the Group's gearing ratios were as follows:

Item	Closing balance	Opening balance
Total borrowings	763,700,000.00	768,100,000.00
Including: Short-term borrowings	200,000,000.00	200,000,000.00
Long-term borrowings	96,000,000.00	563,700,000.00
Long-term borrowings due within one year	467,700,000.00	4,400,000.00
Less: Cash and cash equivalents	468,798,336.69	483,702,769.38
Net debt (a)	294,901,663.31	284,397,230.62
Owners' equity (b)	5,585,257,522.15	5,520,508,411.46
Total capital (c) = (a) + (b)	5,880,159,185.46	5,804,905,642.08
Gearing ratio (a)/(c)	5.02%	4.90%

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### 1. Related party relationships

#### (1) Information on the Company's parent company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB10,000)	Parent company's shareholding in the Company (%)	Parent company's share of voting rights in the Company (%)
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	Urumqi, China	Smelting and processing of nonferrous and precious metals	163,035.61	40.06	40.06

*Note:* The Company's ultimate controlling party is Xinjiang Non-ferrous Group, whose place of registration is Urumqi, China.

#### (2) Information on the Company's subsidiaries

For details of subsidiaries, please refer to "Note VII.1. (1) Composition of the enterprise group".

#### (3) Joint ventures of the Company

For details of the Company's significant joint ventures, please refer to "Note VII.2. (1) Significant joint ventures".



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 1. Related party relationships (Continued)

#### (4) Other related parties

Name of other related parties	Relationship with the Company
Fukang City nonferrous Garden Property Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fukang Nonferrous Metals Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Hengsheng beryllium Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Xin Shengtong Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Hami Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Urumqi Congxin Human Resources Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Urumqi Tianshan Star Precious Metals Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Western Gold Hami Gold Mine Company, Ltd.	Under common control of Xinjiang Non-ferrous Group
Western Gold Yili Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang East Third Ring Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Haoxin Lithium Salt Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Hua'ou Mining Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Pearl Tourism Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Kunlun Blue Diamond Lithium Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Quanxin Mining and metallurgy Machinery Manufacturing Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Wuxin Copper Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 1. Related party relationships (Continued)

#### (4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Xinjiang Nonferrous Metals Group Mingyuan Property Management Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Industry Group Rare Metals Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Blue Drilling Export Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Zhanxin fire insulation material Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	An associate of Xinjiang Non-ferrous Group
Xinjiang Qianxin Mining Co., Ltd.	An associate of Xinjiang Non-ferrous Group
Kuitun Tongguan Metallurgical Co., Ltd.	Other related parties
Shaanxi Jinerxin Mining Co., Ltd.	Other related parties
Shaanxi Mingtai Engineering Construction Co., Ltd.	Other related parties

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions

#### (1) Pricing policy

The prices of sales to related parties, purchases from related parties, provision of services by related parties and lease of properties from related parties were based on market price or agreement price.

#### (2) Purchase and sales of goods, provision and receipt of services

##### 1) Purchases of materials from related parties

Related party	Current year incurrence	Prior year incurrence
<b>Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:</b>		
<b>Procurement of production support materials/equipment</b>		
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	17,959,781.12	14,147,020.51
Xinjiang East Third Ring Trading Co., Ltd.	—	8,501,880.88
Fukang Nonferrous Metals Development Co., Ltd.	981,044.41	686,811.17
Fuyun Xin Shengtong Trading Co., Ltd.	3,190,805.78	2,064,684.38
Western Gold Hami Gold Mine Company, Ltd.	244,569.81	194,564.57
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	1,742,230.46	5,211,562.13
Kuitun Tongguan Metallurgical Co., Ltd.	110,887.17	—
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	750,707.97	553,982.30
Xinjiang Nonferrous Blue Drilling Export Co., Ltd.	—	360,745.13
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	238,194.70	—
Sub-total	25,218,221.42	31,721,251.07
<b>A joint venture of the Group</b>		
<b>Purchase of nickel powder</b>		
Hami Hexin Mining Co., Ltd.	116,223,867.44	108,176,712.43
Sub-total	116,223,867.44	108,176,712.43
Total	141,442,088.86	139,897,963.50

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (2) Purchase and sales of goods, provision and receipt of services (Continued)

##### 2) Acceptance of services

Related party	Current year incurrence	Prior year incurrence
Controlling shareholder and the ultimate controlling party		
Other service fees		
Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.	49,659.46	–
Subtotal	49,659.46	–
<b>Also controlled by the Non-Ferrous Group/an associate of the Non-Ferrous Group:</b>		
<b>Project and service payment</b>		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	61,451,224.20	160,312,772.50
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	2,183,729.49	3,106,066.63
Urumqi Congxin Human Resources Service Co., Ltd.	2,408,422.72	2,324,296.13
<b>Shipping costs</b>		
Fukang Nonferrous Metals Development Co., Ltd.	15,911,062.81	14,234,559.92
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	31,926.61	365,870.83

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (2) Purchase and sales of goods, provision and receipt of services (Continued)

##### 2) Acceptance of services (Continued)

Related party	Current year incurrence	Prior year incurrence
<b>Other service fees</b>		
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	3,130,101.77	1,808,339.60
Urumqi Congxin Human Resources Service Co., Ltd.	16,916.63	–
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	520,862.27	115,875.13
Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	141,509.43	–
Xinjiang Pearl Tourism Development Co., Ltd.	4,365.00	–
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	49,504.95	–
Fukang City nonferrous Garden property Service Co., Ltd.	14,284.52	12,839.22
Xinjiang Non-ferrous Metal Industry (Group) Quaxin Construction Co., Ltd.	911,743.96	330,740.83
<b>Comprehensive service fee</b>		
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	3,226,415.09	3,226,415.04
Sub-total	90,002,069.45	185,837,775.83
Total	90,051,728.91	185,837,775.83

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (2) Purchase and sales of goods, provision and receipt of services (Continued)

##### 3) Sales of products and energy

Related party	Current year incurrence	Prior year incurrence
<b>Controlling shareholder and the ultimate controlling party:</b>		
Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.	–	27,522.94
Subtotal	–	27,522.94
<b>Jointly controlled by non-ferrous Group/non-ferrous Group:</b>		
Xinjiang Wuxin Copper Industry Co., Ltd.	601,999,244.73	73,213,730.31
Urumqi Tianshan Star Precious Metals Co., Ltd.	12,705,710.16	25,017,496.84
Fuyun Hengsheng beryllium Industry Co., Ltd.	801,429.42	24,642,925.03
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	12,919,603.98	14,599,298.63
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	1,372,476.18	932,118.53
Fuyun Xin Shengtong Trading Co., Ltd.	–	49,104.42
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	143,111.49	3,301.49
Western Gold Hami Gold Mine Company, LLC	779,433.97	–
Western Gold Yili Co., Ltd.	254,835.93	–
Subtotal	630,975,845.86	138,457,975.25
Total	630,975,845.86	138,485,498.19

##### 4) Rendering of services

Related party	Current year incurrence	Prior year incurrence
<b>Jointly controlled by non-ferrous Group/non-ferrous Group:</b>		
Xinjiang Wuxin Copper Industry Co., Ltd.	284,449.65	284,449.65
Total	284,449.65	284,449.65

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Related leases

##### 1) Rental

Name of lessee	Types of leased assets	Rental income recognized in the current year	Rental income recognized in the prior year
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Buildings	100,000.00	100,000.00
Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.	Buildings	66,055.05	—
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	Buildings	132,743.36	—
Xinjiang Hua'ou Mining Co., Ltd.	Vehicle	70,796.48	—
Fuyun Xin Shengtong Trading Co., Ltd.	Equipment	150,752.21	49,104.42
Xinjiang Zhanxin Fire Insulation Material Co., Ltd.	Land use rights	—	40,971.43
Total		520,347.10	190,075.85



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (3) Related leases (Continued)

##### 2) Leasing situation

Interest expense on lease liabilities assumed by the Group as lessee during the year:

Name of lessee	Types of leased assets	Current year incurrence	Prior year incurrence
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	Buildings	54,680.68	46,219.88

#### (4) Related guarantees

##### 1) As a guarantor

Name of the guaranteed party	Amount of guarantee	Starting date	Ending date	Fulfilled or not
Hami Hexin Mining Industry Co., Ltd.	25,000,000.00	2023-5-17	2024-5-17	Yes
Hami Hexin Mining Industry Co., Ltd.	10,000,000.00	2023-8-4	2024-7-10	Yes
Hami Hexin Mining Industry Co., Ltd.	27,750,000.00	2023-9-22	2024-10-24	Yes
Hami Hexin Mining Industry Co., Ltd.	25,000,000.00	2024-5-17	2025-5-17	No

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel

Item	Current year incurrence	Prior year incurrence
Total remuneration	4,487,120.00	5,745,956.00

#### 1) Remuneration of Directors, Supervisors and Chief Executive Officer

The remuneration of each of the Directors, Supervisors and Chief Executive Officer for FY 2024 is set out below:

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
<b>Directors</b>							
- Qi xinhui <sup>1</sup>	-	-	-	144,528.00	-	-	144,528.00
- Chen Yin <sup>2</sup>	-	438,767.00	47,992.00	-	-	278,503.00	765,262.00
- Guo Quan <sup>3</sup>	-	-	-	-	-	-	-
- Zhou Chuanyou	-	-	-	-	-	-	-
- Wang Lijian	-	-	-	-	-	-	-
- Chen Yang	-	-	-	-	-	-	-
- Hu Chengye	-	-	-	-	-	-	-
<b>Independent Directors</b>							
- Hu Benyuan	70,000.00	-	-	-	-	-	70,000.00
- Huang Yong <sup>5</sup>	40,833.00	-	-	-	-	-	40,833.00
- Li daowei	117,808.00	-	-	-	-	-	117,808.00
- Wang Qingming <sup>4</sup>	29,167.00	-	-	-	-	-	29,167.00

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel (Continued)

##### 1) Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
<b>Supervisors</b>							
– Yao Wenyong	40,000.00	-	-	-	-	-	40,000.00
– Meng Guojun <sup>6</sup>	16,667.00	-	-	-	-	-	16,667.00
– Li Shouqiang	-	-	-	-	-	276,691.00	276,691.00
– Huang Fa kai	-	-	-	-	-	309,312.00	309,312.00
– Lin Su <sup>7</sup>	23,333.00	-	-	-	-	-	23,333.00
– Chen Rong	-	-	-	-	-	-	-
<b>Other key management personnel</b>							
– He Hongfeng	-	349,500.00	47,992.00	90,091.00	-	-	487,583.00
– Dong Guoqing <sup>8</sup>	-	155,293.00	18,300.00	80,859.00	-	-	254,452.00
– Li Jiangping <sup>9</sup>	-	352,251.00	47,992.00	-	-	333,300.00	733,543.00
– Shagenbieke	-	311,892.00	47,992.00	44,859.00	-	-	404,743.00
– Lin Zhaorong	400,000.00	-	-	-	-	-	400,000.00
– Wu Ning	-	317,845.00	47,992.00	7,361.00	-	-	373,198.00
<b>Total</b>	<b>737,808.00</b>	<b>1,925,548.00</b>	<b>258,260.00</b>	<b>367,698.00</b>	<b>-</b>	<b>1,197,806.00</b>	<b>4,487,120.00</b>

*Note:* Qi Xinhui left the Company as General Manager in January 2024 and became a Non-executive Director on 20 December 2024; 2. Chen Yin became the Company's General Manager on 29 February 2024 and became an Executive Director on 31 May 2024; 3. Guo Quan left the Company as a Non-executive Director on 31 May 2024; 4. Wang Qingming left the Company as an Independent Non-executive Director on 31 May 2024; 5. Huang Yong departed as an independent non-executive director on 31 May 2024; 6. Meng Guojun departed as an independent supervisor on 31 May 2024; 7. Lin Su departed as an independent supervisor on 31 May 2024; 8. Dong Guoqing departed as a deputy general manager of the Company on 3 June 2024; and 9. Li Jiangping departed as a deputy general manager of the Company on 29 February 2024.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel (Continued)

##### 1) Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

The remuneration of each of the Directors, Supervisors and Chief Executive Officer for FY 2023 is set out below:

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
<b>Directors</b>							
- Qi Xinhui	-	522,096.00	43,920.00	193,099.00	-	-	759,115.00
- Yu Wenjiang <sup>1</sup>	-	155,767.00	36,600.00	64,683.00	-	-	257,050.00
- Chen Yang <sup>2</sup>	-	-	-	-	-	-	-
- Guo Quan	-	-	-	-	-	-	-
- Wang Lijian	-	-	-	-	-	-	-
- Zhou Chuanyou	-	-	-	-	-	-	-
- Hu Chengye	-	-	-	-	-	-	-
<b>Independent Directors</b>							
- Hu Benyuan	70,000.00	-	-	-	-	-	70,000.00
- Wang Qingming	70,000.00	-	-	-	-	-	70,000.00
- Lee Tao Wai	117,808.00	-	-	-	-	-	117,808.00
<b>Supervisors</b>							
- Meng Guojun	40,000.00	-	-	-	-	-	40,000.00
- Shi Keli <sup>3</sup>	-	-	-	-	-	188,956.00	188,956.00
- Li Shouqiang <sup>4</sup>	-	-	-	-	-	263,699.00	263,699.00
- Huang Fakai <sup>5</sup>	-	-	-	-	-	206,800.00	206,800.00
- Shan Zhengzhong <sup>6</sup>	-	-	-	-	-	205,591.00	205,591.00
- Yao Wenying	40,000.00	-	-	-	-	-	40,000.00
- Chen Rong <sup>7</sup>	-	-	-	-	-	-	-
- Fu Nengwu <sup>8</sup>	-	-	-	-	-	-	-
- Zhong Rubiao <sup>9</sup>	-	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel (Continued)

##### 1) Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
<b>Other key management personnel</b>							
- Lam Cheuk Fai <sup>10</sup>	-	478,080.00	-	-	-	-	478,080.00
- Li Zhenzhen <sup>11</sup>	-	253,180.00	36,600.00	117,899.00	-	-	407,679.00
- He Hongfeng	-	436,251.00	43,920.00	164,899.00	-	-	645,070.00
- Dong Guoqing	-	404,102.00	43,920.00	155,499.00	-	-	603,521.00
- Shagenbieke	-	393,961.00	43,920.00	155,499.00	-	-	593,380.00
- Chen Yin	-	451,666.00	43,920.00	183,509.00	-	-	679,095.00
- Lam Siu Wing <sup>12</sup>	-	87,719.00	-	-	-	-	87,719.00
- Wu Ning <sup>13</sup>	-	28,733.00	3,660.00	-	-	-	32,393.00
<b>Total</b>	<b>337,808.00</b>	<b>3,211,555.00</b>	<b>296,460.00</b>	<b>1,035,087.00</b>	<b>-</b>	<b>865,046.00</b>	<b>5,745,956.00</b>

**Note:** 1. Yu Wenjiang retired as a director in October 2023; 2. Chen Yang was appointed as a director in October 2023; 3. Shi Keli ceased to be a supervisor in October 2023; 4. Li Shouqiang was appointed as a supervisor in October 2023; 5. Huang Fakai was appointed as a supervisor in October 2023; 6. Shan Zhengzhong ceased to be a supervisor in October 2023; 7. Chen Rong was appointed as a supervisor in October 2023; 8. Fu Nengwu served as a supervisor from May 2023 to October 2023; 9. Zhong Rubiao resigned as a supervisor in May 2023; 10. Lam Cheuk Fai retired as the secretary of the board of directors in October 2023; 11. Li Zhenzhen retired as the secretary of the board of directors in October 2023; 12. Lam Siu Wing was appointed as the secretary of the board of directors in October 2023; 13. Wu Ning was appointed as the secretary of the board of directors in December 2023;

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel (Continued)

- 2) *In 2024, the Group did not have any retirement benefits for directors (2023: none).*
- 3) *In 2024, there were no termination benefits for directors in the Group (2023: none).*
- 4) *In 2024, the Group did not pay any consideration to third parties for obtaining director services (2023: none).*
- 5) *In 2024, the Group did not make any loans, similar loans, or other transaction information benefiting directors, corporate entities controlled by directors, or related entities of such directors (2023: none).*
- 6) *In 2024, the Group did not enter into any significant transactions, arrangements, or contracts related to the Group's business in which the Group's directors directly or indirectly have a material interest (2023: none).*
- 7) *The remuneration of the directors and supervisors who did not receive any remuneration from the Group during 2024 and 2023 were paid by the shareholders and/or their subsidiaries of the Company, and the Group did not pay any remuneration to such directors and supervisors.*

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 2. Related party transactions (Continued)

#### (5) Remuneration of key management personnel (Continued)

##### 8) The five highest-paid individuals

In FY 2024, the top five highest-paid individuals in the Group include one director (FY 2023: one director), whose remuneration is reflected in the table above; the aggregate remuneration amounts for the other four individuals (FY 2023: four individuals) are set out below:

Item	Current year incurrence	Prior year incurrence
Basic salary, housing subsidies and other subsidies	2,025,869.00	1,685,980.00
Bonus	134,950.00	659,406.00
Contributions to pension plans	143,976.00	175,680.00
Remuneration for other services rendered in connection with the management of the Company or subsidiaries	333,300.00	–
Total	2,638,095.00	2,521,066.00

Range of remuneration:

Item	Number of persons in the current year	Number of persons in the prior year
Within HKD1,000,000	4	4



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024  
(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 3. Related party receivable and payable balances

#### (1) Accounts receivable

Related party	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Xinjiang Wuxin Copper Industry Co., Ltd.	310,050.12	16,746.96	301,201.70	301,201.70
Xinjiang Haoxin Lithium Salt Development Co., Ltd.	–	–	2,233,915.29	1,507,250.83
Xinjiang Kunlun Blue Diamond Lithium Industry Co., Ltd.	35,333.34	1,908.49	–	–
Fuyun Hengsheng Beryllium Industry Co., Ltd.	–	–	62,644.00	7,187.76
Total	345,383.46	18,655.45	2,597,760.99	1,815,640.29

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 3. Related party receivable and payable balances (Continued)

#### (2) Other receivables

Related party	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Hami Jinhui Real Estate Development Co., Ltd.	–	–	9,140,420.20	372,183.66
Xinjiang Jinhui Real Estate Development Co., Ltd.	–	–	393,029.00	102,855.69
Xinjiang Hua'ou Mining Co., Ltd.	14,989.52	315.63	368,010.42	11,483.00
Fuyun Hengsheng beryllium Industry Co., Ltd.	459,967.83	15,123.69	184,888.22	5,647.12
Hami Hexin Mining Co., Ltd.	–	–	128,373.39	29,434.61
Xinjiang Non-ferrous Metal Industry (Group) Quanzin Construction Co., Ltd.	26,213.69	551.98	74,911.14	2,809.17
Fuyun Xin Shengtong Trading Co., Ltd.	225,838.00	8,310.19	55,488.00	2,080.80
Xinjiang Zhanxin fire protection and thermal insulation material Co., Ltd.	43,020.00	43,020.00	43,020.00	1,312.11
Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.	16,500.00	1,404.49	16,500.00	503.97
Xinjiang Kunlun Blue Diamond Lithium Industry Co., Ltd.	194,294.78	4,091.22	–	–
Xinjiang Qianxin Mining Co., Ltd.	53,746.78	1,131.73	–	–
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	150,000.00	3,158.51	–	–
Total	1,184,570.60	77,107.44	10,404,640.37	528,310.13

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 3. Related party receivable and payable balances (Continued)

#### (3) Prepayments

Related party	Closing book balance	Opening book balance
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	–	100,000.00
Total	–	100,000.00

#### (4) Accounts payable

Related party	Closing book balance	Opening book balance
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	16,323,640.81	41,263,664.79
Hami Hexin Mining Co., Ltd.	25,610,789.79	23,627,819.58
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	14,437,692.93	8,151,725.98
Fukang Nonferrous Metals Development Co., LTD	4,794,786.51	6,161,598.14
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	5,410,743.95	4,223,042.96
Xinjiang Quanxing Mining and metallurgy Machinery Manufacturing Co., Ltd.	659,506.80	2,214,742.80
Xinjiang Nonferrous Metals Industry (Group) Electricity Sales Co., Ltd.	50,000.00	–
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	5,016.60	–
Fuyun Xin Shengtong Trading Co., Ltd.	445,261.14	458,298.44
Xinjiang East Third Ring Trading Co., Ltd.	156,195.20	156,195.20
Xinjiang Nonferrous Construction Inspection Center Co., Ltd.	67,989.00	67,989.00
Western Gold Hami Gold Mine Company, Ltd.	16,049.84	45,467.52
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	30,800.00	30,800.00
Xinjiang Nonferrous Metals Industry Group Rare Metals Co., Ltd.	10,300.00	10,300.00
Urumqi Congxin Human Resources Service Co., Ltd.	–	4,195.00
Total	68,018,772.57	86,415,839.41

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 3. Related party receivable and payable balances (Continued)

#### (5) Contract liabilities

Related party	Closing book balance	Opening book balance
Xinjiang Wuxin Copper Industry Co., Ltd.	–	1,912,302.68
Xinjiang Nonferrous Metal Industry Group Blue Diamond Trading Co., Ltd.	400,735.50	1,777,719.86
Fuyun Hengsheng beryllium Industry Co., Ltd.	56,007.08	25,431.22
Total	456,742.58	3,715,453.76

#### (6) Other payables

Related party	Closing book balance	Opening book balance
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	44,850,055.50	96,113,936.10
Shaanxi Jinerxin Mining Co., Ltd.	4,922,145.24	–
Shaanxi Mingtai Engineering Construction Co., Ltd.	3,834,074.13	–
Xinjiang Nonferrous Metals Industry (Group) Fuyunxing Copper Service Co., Ltd.	–	644,815.99
Fukang Nonferrous Metals Development Co., Ltd.	500,000.00	500,000.00
Xinjiang Quanxing Mining and metallurgy Machinery Manufacturing Co., Ltd.	500,000.00	500,000.00
Xinjiang Nonferrous Metals Research Institute Co., Ltd.	487,292.73	–
Xinjiang Nonferrous Metals Group Mingyuan Property Management Co., Ltd.	44,914.32	44,914.32
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	739.21	739.21
Total	55,139,221.13	97,804,405.62

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 4. Others

In accordance with the trademark use right agreement signed with the Non-ferrous Group, the Group will use the trademark “Bo Feng” registered by the Non-ferrous Group for the period from 1 January 2019 to 2 March 2029 without compensation.

## XIII. SHARE-BASE PAYMENT

### 1. General information on share-based payment

According to the 2021 H-share Appreciation Rights Incentive Plan of Xinjiang Xinxin Mining Industry Co., Ltd. (“**incentive plan**”), which was resolved and approved by the Company’s general meeting held on 29 October 2021, the Company implemented the stock appreciation right incentive plan to 150 middle and senior management and other key personnel (“**incentive recipients**”) as determined, and granted a total of 63,500,000 stock appreciation rights to the incentive recipients. The exercise price of such stock appreciation rights is RMB1.58 per share, and the incentive recipients will exercise the rights in three installments within 36 months after serving 24 months from the date of registration (29 October 2021) if the company and the incentive recipients achieve the predetermined performance conditions, with exercise ratios of 33%, 33%, and 34% for each period. The stock appreciation rights are valid for a period of 5 years from 29 October 2021.

In accordance with the relevant provisions of the Incentive Scheme Plan and the authorization of the Shareholders’ General Meeting, the Board of Directors of the Company considered and passed the matters relating to the adjustments to the list of incentive recipients, the number of effective interests and the exercise price of the Incentive Scheme on 31 May 2024, and the number of recipients of the Incentive Scheme granted by the Company was adjusted from 150 to 118, and the number of effective interests was adjusted from 63,500,000 to 43,985, the number of effective interests, the number of effective interests, and the number of effective interests. The number of grantees under the Incentive Scheme of the Company was adjusted from 150 to 118, the number of effective interests was adjusted from 63,500,000 to 43,985,000, and the exercise price was adjusted from HK\$1.58 to HK\$1.36.

Category of grant recipient	Granted during the year		Options exercised during the year		Released during the year		lapsed during the year	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Middle and senior management	-	-	-	-	4,397,250	-	8,520,600	-
Other key personnel	-	-	-	-	9,721,800	-	12,434,400	-
Total	-	-	-	-	14,119,050	-	20,955,000	-

Stock options or other equity instruments issued and outstanding at the end of the year

Category of grant recipients	Share options issued and outstanding at the end of the year		Other equity instruments issued and outstanding at the end of the year	
	Range of exercise prices	Remaining term of contract	Range of exercise prices	Remaining term of contract
Middle and senior management and other key personnel	HK \$1.36 per share	The incentive plan shall be valid for a period of five years from the date of registration of the initial grant	-	-

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XIII. SHARE-BASE PAYMENT (CONTINUED)

### 2. Cash-settled share-based payments

Item	Current year
Method of determining the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Black – Scholes – Merton (BSM) model
Significant parameters of the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Risk-free rate, volatility, dividend yield ratio
Amount of accumulated liability arising from cash-settled share-based payments in liabilities	–

## XIV. SEGMENT INFORMATION

The Group is principally engaged in the mining, separation, smelting and refining of copper and nickel ores, and the processing and sale of copper, nickel and other non-ferrous metals. Based on the Group's internal organizational structure, management requirements, internal reporting system, and the provisions of Interpretation of the Accounting Standards for Business Enterprises No. 3 for enterprises to report segment information, management considers the Group as a whole to be one operating segment.

In FY 2024 and FY 2023, the Group's sales operations were conducted in China, and the Group's assets and liabilities were also in China.

In FY 2024, the sales revenue of the top three customers of the Group accounted for 26%, 21%, and 12% of the Group's total sales revenue, respectively. (In FY 2023: 36%, 14%, and 10%).

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XV. COMMITMENTS AND CONTINGENCIES

### 1. Commitments for capital expenditure

Capital expenditure commitments contracted for and not yet required to be presented on the balance sheet

Item	Closing balance	Opening balance
Houses, buildings, mining structures and machinery and equipment	45,195,642.62	49,362,444.05

### 2. Contingencies

#### (1) Environmental contingencies

Historically, the Group has not incurred any significant expenditure on environmental issues. In addition, apart from those disclosed in Note V. 33, the Group is currently not involved in any environmental incidents, nor has any provisions been made for environmental compensation related to operations. Under existing legal provisions, management believes that there will be no potential liabilities that would have a significant adverse impact on the financial condition or operating performance of the Group. The Chinese government, however, may move further towards the adoption of more stringent environmental protection standards.

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 various sites (including, but not limited to mines and land development areas, whether operating, closed or sold); (ii) the extent of required cleanup efforts; (iii) the cost of various remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new sites requiring remediation. The amount of such future cost is indeterminable due to such factors as the 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 future environmental legislation cannot reasonably be estimated at present and could be material.



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 2. Contingencies (Continued)

#### (2) Insurance

The Group purchases personal accident injury commercial insurance for its employees working underground and commercial insurance for its underground mining equipment. However, such insurance may not be sufficient to cover the potential future losses. Although the possible impact of underinsurance on future contingencies cannot be reasonably anticipated at this time, management believes that the above events could have a material adverse effect on the Group's operating performance or financial condition.

#### (3) Provision of guarantees

Please refer to Note XII. 2. (4) for details.

## XV. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Distribution of profits

On 28 March 2025, the board of directors decided that the company would distribute a dividend of RMB110,500,000.00 to all shareholders, which is yet to be approved by the company's shareholders' meeting and has not been recognized as a liability in this financial statement (Note V (41)).

### 2. Description of other events after the balance sheet date

The Group has no other material subsequent events after the balance sheet date to disclose other than the above-mentioned events.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVI. OTHER IMPORTANT EVENTS

### 1. Equity acquisition

On 14 February 2025, the Company entered into an equity transfer agreement with Nonferrous Group to acquire its 51% equity interest in Xinjiang Huaou Mining Company Limited (hereinafter referred to as Huaou Mining) for approximately RMB1,098 million. Upon completion of the transaction, Huaou Mining will be included in the scope of the Company's consolidated statements of income and become its non-wholly-owned subsidiary. As of the date of this Report, the acquisition has been approved by the Xinjiang State-owned Assets Supervision and Administration Commission and the Board of the Company, and its implementation is subject to the approval of the independent Shareholders at the general meeting.

### 2. Liquidation and cancellation matters

In February 2008, the Company and Xinjiang Baodi Mining Company Limited (hereinafter referred to as Baodi Mining) entered into a Co-operation Agreement for the joint establishment of Mengxi Mining, under which it was agreed that Baodi Mining was required to transfer the mining rights of the Sangde Wulan Copper Mine to Mengxi Mining. As the transfer of mineral rights has not yet taken place, Mengxi Mining held the first extraordinary shareholders' meeting of 2025 on 20 January 2025, at which the Company and Baodi Mining unanimously agreed to: 1. dissolve Mengxi Mining and implement liquidation and write-off and 2. set up a liquidation group to be responsible for the liquidation of Mengxi Mining prior to the write-off of Mengxi Mining, and the liquidation group was composed of the Company and Baodi Mining. As at the date of this report, the tax has been cancelled and the business registration is being cancelled.

### 3. Statement of other important matters

In addition to the matters disclosed above, the Group had no other material transactions and material commitments that are required to be disclosed and have an impact on investors decisions.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

### 1. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	421,351,353.31	122,466,291.66
Less: Provision for bad debts	2,488,924.29	4,715,983.40
Book value	418,862,429.02	117,750,308.26

#### (1) Accounts receivable presented by aging

Aging	Closing book value	Opening book balance
Within 1 year (including 1 year)	418,968,957.17	117,567,221.75
1-2 years	–	459,944.88
2-3 years	149,894.76	310,050.12
3-4 years	–	310,050.12
4-5 years	–	310,050.12
Over 5 years	2,232,501.38	3,508,974.67
Total	421,351,353.31	122,466,291.66

#### (2) Presentation of accounts receivable by bad debt accrual method

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	–	–	–	–	–
Bad debt provision by portfolio	421,351,353.31	100.00	2,488,924.29	0.59	418,862,429.02
Including: related parties portfolio	345,383.46	0.08	18,655.45	5.40	326,728.01
Party portfolio	421,005,969.85	99.92	2,470,268.84	0.59	418,535,701.01
Total	421,351,353.31	100.00	2,488,924.29	0.59	418,862,429.02

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method (Continued)

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	-	-	-	-	-
Bad debt provision by portfolio	122,466,291.66	100.00	4,715,983.40	3.85	117,750,308.26
Including: related parties portfolio	2,535,116.99	2.07	1,808,452.52	71.34	726,664.47
Party portfolio	119,931,174.67	97.93	2,907,530.88	2.42	117,023,643.79
Total	122,466,291.66	100.00	4,715,983.40	3.85	117,750,308.26

#### 1) Bad debt provision for accounts receivable by portfolio

Portfolio – Related party customers

Aging	Closing balance		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	345,383.46	5.40	18,655.45
1-6 months overdue	-	-	-
7-18 months overdue	-	-	-
More than 18 months overdue	-	-	-
Total	345,383.46	5.40	18,655.45

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method (Continued)

##### 1) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Related party customers (Continued)

Aging	Opening balance		Bad debt provision
	Book balance	Lifetime expected credit loss rate (%)	
Not overdue	310,050.12	11.47	35,562.75
1-6 months overdue	–	–	–
7-18 months overdue	310,050.12	37.69	116,857.89
More than 18 months overdue	1,915,016.75	86.48	1,656,031.88
<b>Total</b>	<b>2,535,116.99</b>	<b>71.34</b>	<b>1,808,452.52</b>

Portfolio – Non-related party customers:

Aging	Closing balance		Bad debt provision
	Book balance	Lifetime expected credit loss rate (%)	
Not overdue	<b>418,623,573.71</b>	<b>0.04</b>	<b>187,982.37</b>
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	<b>2,382,396.14</b>	<b>95.80</b>	<b>2,282,286.47</b>
<b>Total</b>	<b>421,005,969.85</b>	<b>0.59</b>	<b>2,470,268.84</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

#### (2) Presentation of accounts receivable by bad debt accrual method (Continued)

##### 1) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Non-related party customers: (Continued)

Aging	Opening balance		Bad debt provision
	Book balance	Lifetime expected credit loss rate (%)	
Not overdue	117,257,171.63	0.25	293,142.93
1-6 months overdue	–	–	–
7-18 months overdue	149,894.76	60.23	90,279.67
More than 18 months overdue	2,524,108.28	100	2,524,108.28
Total	119,931,174.67	2.42	2,907,530.88

#### (3) Provisions for bad debts on accounts receivable accrued, recovered and reversed during the year

Type	Opening balance	Changes in current year				Closing balance
		Accrual	Recovery or reversal	Charge-off or write-offs	Others	
Bad debt provision by portfolio	4,715,983.40	-2,227,059.11	–	–	–	2,488,924.29
Total	4,715,983.40	-2,227,059.11	–	–	–	2,488,924.29

#### (4) Accounts receivable actually written off during the year

No write-offs of accounts receivable occurred during this period.

#### (5) Accounts receivable pledged

As at 31 December 2024 and 31 December 2023, the Company had no accounts receivable pledged to banks as guarantee for obtaining loans.

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

#### (6) Accounts receivable with top five closing balances by debtors

Name of the organization	Closing balance of accounts receivable	Ratio of the total closing balance of accounts receivable	Closing balance of bad debt provision for accounts receivable
Total accounts receivable with top five balances	418,933,575.43	99.43%	204,729.31

### 2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	44,255,750.00	41,327,750.00
Dividends receivable	–	18,000,000.00
Other receivables	13,667,794.72	14,271,702.99
Total	57,923,544.72	73,599,452.99

#### 2.1 Interest receivable

##### (1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted loans	44,255,750.00	41,327,750.00
Total	44,255,750.00	41,327,750.00



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.2 Dividends receivable

Investee	Closing balance	Opening balance
Xinjiang Kalatongke Mining Co., Ltd.	—	18,000,000.00
Total	—	18,000,000.00

#### 2.3 Other receivables

(1) Other receivables categorized by nature of payment

Nature of payment	Closing book balance	Opening book balance
Social security advances receivable from related parties	12,902,976.45	12,496,633.13
Social security advances receivable	528,520.18	491,159.49
Others	515,731.01	1,702,654.95
Less: Provision for bad debts	279,432.92	418,744.58
Total	13,667,794.72	14,271,702.99

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.3 Other receivables (Continued)

(2) Other receivables presented by aging

Aging	Closing book value	Opening book balance
Within 1 year (including 1 year)	676,232.20	1,678,907.28
1-2 years	938,188.45	562,407.64
2-3 years	562,407.64	624,527.50
3-4 years	231,498.50	1,352,924.30
4-5 years	1,067,220.00	4,110,711.29
Over 5 years	10,471,680.85	6,360,969.56
Total	13,947,227.64	14,690,447.57

(3) Presentation of other receivables by bad debt accrual method

Type	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	43,020.00	0.31	43,020.00	100.00	–
Bad debt provision by portfolio	13,904,207.64	99.69	236,412.92	1.70	13,667,794.72
Including: Related party portfolio	12,902,976.45	92.51	–	–	12,902,976.45
Unrelated party portfolio	1,001,231.19	7.18	236,412.92	23.61	764,818.27
Total	13,947,227.64	100.00	279,432.92	2.00	13,667,794.72

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	-	-	-	-	-
Bad debt provision by portfolio	14,690,447.57	100.00	418,744.58	2.85	14,271,702.99
Including: Related party portfolio	13,392,111.93	91.16	143,699.65	1.07	13,248,412.28
Unrelated party portfolio	1,298,335.64	8.84	275,044.93	21.18	1,023,290.71
Total	14,690,447.57	100.00	418,744.58	2.85	14,271,702.99

1) Bad debt provision for other receivables on an individual basis

Name	Closing balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Xinjiang Zhanxin fire insulation material Co., Ltd.	43,020.00	43,020.00	100.00	Insolvency proceedings have been entered into and the likelihood of recovery is expected to be low

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

2) Bad debt provision for other receivables by portfolio

Aging	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	676,232.20	14,817.72	2.19
1-2 years	895,168.45	114,652.29	12.81
2-3 years	562,407.64	—	—
3-4 years	231,498.50	89,993.89	38.87
4-5 years	1,067,220.00	—	—
Over 5 years	10,471,680.85	16,949.02	0.16
Total	13,904,207.64	236,412.92	—

  

Aging	Opening balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	1,678,907.28	30,277.82	1.80
1-2 years	562,407.64	—	—
2-3 years	624,527.50	213,070.75	34.12
3-4 years	1,352,924.30	163,107.81	12.06
4-5 years	4,110,711.29	6,399.49	0.16
Over 5 years	6,360,969.56	5,888.71	0.09
Total	14,690,447.57	418,744.58	—

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

3) Bad debt provision for other receivables by general model of expected credit losses

	Stage 1	Stage 2	Stage 3	
	Expected credit loss over the next 12 months	Lifetime expected credit loss (not- credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
<b>Bad debt provision</b>				
Balance as at 1 January 2024	418,744.58	–	–	418,744.58
Balance in current year as at 1 January 2024	–	–	–	–
Transferred to Stage 2	–	–	–	–
Transferred to Stage 3	–	–	–	–
Transferred back to Stage 2	–	–	–	–
Transferred back to Stage 1	–	–	–	–
Accrual during this period	-139,311.66	–	–	-139,311.66
Reversal in current year	–	–	–	–
Charge-offs in current year	–	–	–	–
Write-offs in current year	–	–	–	–
Other changes	–	–	–	–
Balance as at 31 December 2024	279,432.92	–	–	279,432.92

(4) Provisions for bad debts on other receivables accrued, recovered and reversed during the year

Type	Opening balance	Changes in current year				Closing balance
		Accrual	Recovery or reversal	Charge-offs	Others	
Bad debt provision on an individual basis	–	43,020.00	–	–	–	43,020.00
Bad debt provision by portfolio	418,744.58	-182,331.66	–	–	–	236,412.92
Total	418,744.58	-139,311.66	–	–	–	279,432.92

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### 2.3 Other receivables (Continued)

(5) Other receivables actually written off during the year

There were no write-offs of other receivables during this period.

(6) Other receivables with significant closing balances by debtors

Name of the organization	Nature of payment	Closing balance	Aging	Ratio of the total closing balance of other receivables (%)	Bad debt provision Closing balance
Shaanxi Xinxin Mining Co., Ltd.	Current money	12,902,976.45	Within 1 year, 1-2years, 2-3 years, 3-4 years, 4-5years, over 5years	92.51	-
Total	-	12,902,976.45	-	92.51	-

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term equity investments

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,510,131,420.87	198,659,156.75	2,311,472,264.12
Investments in associates and joint ventures	209,788,023.73	–	209,788,023.73
Total	2,719,919,444.60	198,659,156.75	2,521,260,287.85

  

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,510,131,420.87	198,659,156.75	2,311,472,264.12
Investments in associates and joint ventures	204,128,141.79	–	204,128,141.79
Total	2,714,259,562.66	198,659,156.75	2,515,600,405.91



# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term equity investments (Continued)

#### (1) Investments in subsidiaries

Investee	Opening balance (Book value)	Provision for impairment Opening balance	Changes in the current period				Closing balance (Book value)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Xinjiang Kalatongke Mining Co., Ltd.	1,230,000,000.00	-	-	-	-	-	1,230,000,000.00	-
Xinjiang Yakesi Resources Co., Ltd.	720,171,915.12	-	-	-	-	-	720,171,915.12	-
Hami Jubao Resources Development Co., Ltd.	206,100,349.00	-	-	-	-	-	206,100,349.00	-
Beijing Xinding Shunze Hi Tech Co., Ltd.	145,000,000.00	-	-	-	-	-	145,000,000.00	-
Shaanxi Xinxin Mining Co., Ltd.	80,000,000.00	80,000,000.00	-	-	-	-	80,000,000.00	80,000,000.00
Xinjiang Zhongxin Mining Co., Ltd.	118,659,156.75	118,659,156.75	-	-	-	-	118,659,156.75	118,659,156.75
Xinjiang Mengxi Mining Industry Co., Ltd.	10,200,000.00	-	-	-	-	-	10,200,000.00	-
Total	2,510,131,420.87	198,659,156.75	-	-	-	-	2,510,131,420.87	198,659,156.75

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term equity investments (Continued)

#### (2) Investments in joint ventures

Investee	Opening balance (Book value)	Opening balance of impairment provision	Changes in the current period								Closing balance (Book value)	Closing balance of impairment provision
			Increase in investment	Decrease in investment	investments recognized under the equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Others		
Hami Hexin Mining Industry Co., Ltd.	204,128,141.79	-	-	-	5,659,881.94	-	-	-	-	-	209,788,023.73	-
Subtotal	204,128,141.79	-	-	-	5,659,881.94	-	-	-	-	-	209,788,023.73	-

### 4. Revenue and cost of sales

#### (1) Details of revenue and cost of sales

Item	Current year incidence		Prior year Incidence	
	Revenue	Cost	Revenue	Cost
Main operation	2,092,035,242.24	1,873,680,590.39	1,900,144,333.75	1,601,470,504.32
Other operations	5,946,307.25	1,789,775.10	2,423,551.36	1,636,999.54
Total	2,097,981,549.49	1,875,470,365.49	1,902,567,885.11	1,603,107,503.86

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Revenue and cost of sales (Continued)

#### (2) Breakdown of revenue and cost of sales

Classification of contracts	Current year incidence			
	Segment 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
<b>Type of operation</b>				
Including:				
<b>Main operation</b>	2,092,035,242.24	1,873,680,590.39	2,092,035,242.24	1,873,680,590.39
Electrolytic nickel	1,161,909,194.45	1,098,165,288.37	1,161,909,194.45	1,098,165,288.37
Copper cathode	601,838,270.42	569,712,464.54	601,838,270.42	569,712,464.54
Copper leaching tailings and precious metal materials, etc.	310,383,175.40	197,805,497.93	310,383,175.40	197,805,497.93
Others	17,904,601.97	7,997,339.55	17,904,601.97	7,997,339.55
<b>Other operations</b>	5,946,307.25	1,789,775.10	5,946,307.25	1,789,775.10
Sales of electricity	825,137.00	625,817.00	825,137.00	625,817.00
Building rental	164,340.77	94,927.84	164,340.77	94,927.84
Sales of materials	2,100,419.47	–	2,100,419.47	–
Ore field heating	412,095.22	–	412,095.22	–
Others	2,444,314.79	1,069,030.26	2,444,314.79	1,069,030.26
<b>Classified by region of operation</b>				
Including:				
Domestic	2,097,981,549.49	1,875,470,365.49	2,097,981,549.49	1,875,470,365.49
Overseas				
<b>Type of contract Classified by time of goods transfer</b>				
Including: Transfer at a point in time	2,096,579,976.50	1,874,749,620.65	2,096,579,976.50	1,874,749,620.65
Transfer over time	1,401,572.99	720,744.84	1,401,572.99	720,744.84
<b>Classified by sales channel</b>				
Including: Direct sales	2,097,981,549.49	1,875,470,365.49	2,097,981,549.49	1,875,470,365.49
Total	2,097,981,549.49	1,875,470,365.49	2,097,981,549.49	1,875,470,365.49

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Revenue and cost of sales (Continued)

#### (2) Breakdown of revenue and cost of sales (continued)

Classification of contracts	Prior year incidence			
	Segment 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
<b>Type of operation</b>				
Including:				
<b>Main operation</b>	1,900,144,333.75	1,601,470,504.32	1,900,144,333.75	1,601,470,504.32
Electrolytic nickel	1,171,990,681.25	1,030,463,863.18	1,171,990,681.25	1,030,463,863.18
Copper cathode	296,104,015.49	317,432,833.37	296,104,015.49	317,432,833.37
Copper leaching tailings and precious metal materials, etc.	358,132,143.28	203,352,898.58	358,132,143.28	203,352,898.58
Others	73,917,493.73	50,220,909.19	73,917,493.73	50,220,909.19
<b>Other operations</b>	2,423,551.36	1,636,999.54	2,423,551.36	1,636,999.54
Sales of electricity	529,387.18	—	529,387.18	—
Building rental	125,808.66	50,172.02	125,808.66	50,172.02
Sales of materials	284,449.65	—	284,449.65	—
Ore-field heating	1,483,905.87	1,586,827.52	1,483,905.87	1,586,827.52
<b>Classified by region of operation</b>				
Including:				
Domestic	1,902,567,885.11	1,603,107,503.86	1,902,567,885.11	1,603,107,503.86
Overseas	—	—	—	—
<b>Type of contract Classified by time of goods transfer</b>				
Including: Transfer at a point in time	1,901,871,717.84	1,603,057,331.84	1,901,871,717.84	1,603,057,331.84
Transfer over time	696,167.27	50,172.02	696,167.27	50,172.02
<b>Classified by sales channel</b>				
Including: Direct sales	1,902,567,885.11	1,603,107,503.86	1,902,567,885.11	1,603,107,503.86
<b>Total</b>	<b>1,902,567,885.11</b>	<b>1,603,107,503.86</b>	<b>1,902,567,885.11</b>	<b>1,603,107,503.86</b>

# NOTES TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## XVIII. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Revenue and cost of sales (Continued)

#### (3) Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to the sales contract. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

#### (4) Information related to the transaction price apportioned to the remaining performance obligations

The amount of revenue corresponding to performance obligations that have been contracted for at the end of the year but have not yet been performed or have not yet been fulfilled is RMB38,532.11, which is expected to be recognized as revenue in FY 2025.

### 5. Investment income

Item	Current year incurrence	Prior year incurrence
Income from long-term equity investments accounted for under the equity method	5,659,881.94	-16,368,657.97
Total	5,659,881.94	-16,368,657.97

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## 1. STATEMENT OF NON-RECURRING GAINS AND LOSSES FOR THE YEAR

Item	Current year amount	Prior year amount
Government grants recognized in the current profit or loss (except for government grants that are closely related to the Company's normal operating business, in accordance with national policies, enjoyed in accordance with defined standards, and have a continuous impact on the Company's profit or loss)	33,597,316.82	4,988,700.31
Gains and losses on debt restructuring	161,263.33	57,886.31
Income from disposal of non-current assets	307,806.20	—
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee benefits payable after the date on which the rights are exercisable	128,660.91	1,750,358.15
Non-operating income and expenses other than those mentioned above	-3,081,586.24	3,897,043.63
Other items of profit or loss that meet the definition of non-recurring profit or loss	—	-5,514,020.87
<b>Subtotal</b>	<b>31,113,461.02</b>	<b>5,179,967.53</b>
Less: Effect of the income tax	4,748,304.75	776,994.74
Effect of non-controlling interests (after tax)	4,545.55	7,914.51
<b>Total</b>	<b>26,360,610.72</b>	<b>4,395,058.28</b>

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1 January 2024 – 31 December, 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

## 2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit for the reporting period	Weighted average return on net assets		Earnings per share (RMB/share)			
	Current year	Prior year	Basic earnings per share		Diluted earnings per share	
			Current year	Prior year	Current year	Prior year
Net profit attributable to ordinary shareholders of the parent company	3.35%	2.91%	0.08	0.07	0.08	0.07
Net profit attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses	2.88%	2.83%	0.07	0.07	0.07	0.07

*Note:* Diluted earnings per share is computed by dividing consolidated net income attributable to the Company's ordinary shareholders, as adjusted for dilutive potential common shares, by the adjusted weighted average of ordinary shares of the Company issued and outstanding. There were no dilutive potential ordinary shares in the Company in FY 2024 (FY 2023: none); therefore, diluted earnings per share equals basic earnings per share.

## 3. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (1) Differences in net profit and net assets between the financial statements disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards at the same time

None.

- (2) Differences in net profit and net assets between the financial statements disclosed in accordance with overseas international accounting standards and those disclosed in accordance with Chinese accounting standards at the same time

None.

Xinjiang Xinxin Mining Industry Co., Ltd.  
March 28th, 2025





Xinjiang Xinxin Mining Industry Co., Ltd.\*  
新疆新鑫礦業股份有限公司