



Wanguo Gold Group Limited
萬國黃金集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3939

***Integrate Resources,
Create Values,
Build Benefits
And Contribute To The Society***



2024
Annual Report

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Corporate Information

as at 19 March 2025

DIRECTORS

Executive Directors:

Gao Mingqing (*Chairman, Chief Executive Officer*)
Gao Jinzhu
Liu Zhichun
Wang Renxiang

Independent non-executive Directors:

Tsang Wai Hung
Wong Chi Ming Ming
Wang Xin

AUDIT COMMITTEE

Tsang Wai Hung (*Chairman*)
Wong Chi Ming Ming
Wang Xin

REMUNERATION COMMITTEE

Wong Chi Ming Ming (*Chairman*)
Liu Zhichun
Wang Xin

NOMINATION COMMITTEE

Tsang Wai Hung (*Chairman*)
Wong Chi Ming Ming
Wang Xin

COMPANY SECRETARY

Wong Chi Wah (*HKICPA, FCCA*)

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township Yifeng County
Jiangxi Province
PRC

PRINCIPAL PLACE OF BUSINESS IN THE SOLOMON ISLANDS

Gold Ridge Mine Site
Guadalcanal
Solomon Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 28/F
Singa Commercial Centre
144-151 Connaught Road West
Hong Kong

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place,
103 South Church Street,
P.O. Box 10240,
Grand Cayman KY1-1002,
Cayman Islands

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

as to Hong Kong Law
Dentons Hong Kong LLP
3201 Jardine House
1 Connaught Place Central
Hong Kong

PRINCIPAL BANKER

Bank of China, Yifeng Branch
239 Xinchang West Street
Yifeng County
Jiangxi Province
PRC

STOCK CODE

3939

COMPANY WEBSITE

www.wgmine.com

Chairman's Statement





Dear Shareholders,

On behalf of the board (the “**Board**”) of Directors (the “**Directors**”, each a “**Director**”) of Wanguo Gold Group Limited (formerly known as “Wanguo International Mining Group Limited”) (the “**Company**”), I am pleased to present the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the financial year ended 31 December 2024.

For the year ended 31 December 2024, the Group mined 1,080,394 tonnes of ores in our Xinzhuang Mine, of which it sold copper in copper concentrates of 3,990 tonnes, iron concentrates of 76,322 tonnes, zinc in zinc concentrates of 6,480 tonnes, sulfur concentrates of 248,110 tonnes, lead in lead concentrates of 1,309 tonnes, sulfur and iron concentrates of 71,023 tonnes, gold of 178 kg, silver of 9,002 kg and copper of 368 kg. The Group also mined 2,713,310 tonnes of ores in our Gold Ridge Mine, of which it sold 1,573.68 kg gold doré and 44,418.20 tonnes of gold concentrates. We achieved revenue of RMB1,875.6 million, gross profit of RMB997.0 million and profit attributable to owners of the Company of RMB575.4 million.

The Group has been focusing on the investment and development of precious metals and non-ferrous metals. Gold and copper are the most important products of our Group at present, accounting for more than 80% of the revenue, and we have seized recent bull cycle of gold and copper in order to maximize returns to the investors. At the same time, the Group has never put down the work of mine exploration, and resulted in great achievements in the deep part of both Xinzhuang Mine and Solomon Islands Gold Ridge Mine, with increasing geological resources and reserves of mines, creating a brilliant future for the Group’s business landscape. For a mining enterprise, quality and reliable resources are the prerequisite for profitability and the guarantee and cornerstone for sustainable development.

2024, this year, we ushered in the industry leader, Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司), as a strategic partner; this year, our market value has over HK\$10 billion since our listing in 2012; this year, we ushered in a surge in gold resources; this year, we have reached a new level in safety, environmental protection, and refinement of the management. In 2025, we have a new orientation and a new way forward, let’s create a new chapter belonging to us with unrelenting fighting spirit.

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust to the Group. In addition, I would like to express my heartfelt thanks to our Directors and employees for their dedication and contribution to the Group.

By order of the Board

Gao Mingqing

Chairman and Chief Executive Officer

19 March 2025



Management Discussion and Analysis

MARKET REVIEW

Copper

Copper was trading on the Commodity Exchange (COMEX) at under US\$4 per pound at the beginning of 2024, but by 21 May 2024, the red metal's price had surged to a record high of US\$5.11 per pound.

Price momentum at the start of the year was owed to several factors, including increasing demand from energy transition sectors, bottlenecks at Chinese refiners and near-zero copper treatment charges.

The price was volatile through the second and third quarters, slipping back below US\$4 per pound before soaring above US\$4.50 per pound at the end of the third quarter. Copper started the fourth quarter of the year on a strong note. On 2 October 2024, the metal reached its quarterly high of US\$4.60 per pound before starting a month-long slide to US\$4.31 per pound on 31 October 2024.

Volatility was the story at the start of November 2024. Copper soared to US\$4.45 per pound on 5 November 2024 before dropping to US\$4.22 per pound on 6 November 2024, then spiked to US\$4.41 per pound on 7 November 2024; finally, it crashed to US\$4.05 per pound on 15 November 2024. While copper did see a couple of rallies as the year ended, it only briefly broke through resistance of US\$4.20 per pound from 9 to 11 December 2024 before settling toward the US\$4 per pound mark at the end of the month.



MARKET REVIEW *(Continued)*

Iron

China's iron-ore imports in 2024 rose to a record high for a second year, as lower prices spurred buying while demand remained resilient largely due to massive steel exports that are inflaming trade tensions.

The world's largest iron-ore consumer brought in a total of about 1.24-billion metric tons last year, with an increase of 4.9% from 1.18-billion tons in 2023, when it posted an annual increase of 6.6%.

Steel output slid by 2.7% from the year before in the first 11 months of 2024 and was on track for an annual decline, but that largely reflected weak output from electric furnace steelmakers, which supply the troubled construction sector and use scrap steel instead of iron ore as a resource.

Demand for iron-ore remained solid among China's blast furnace steelmakers, which have been able to maintain cost competitiveness.

Many electric furnace steelmakers, however, had to conduct maintenance or scale down production amid persistent constraints on scrap supply.

Additionally, traders that bought high-cost iron ore early last year continued purchasing the key steelmaking ingredient to average out their overall production costs and reduce losses.

An increase in iron ore imports contributed to a price slump and a pile-up in portside stocks, which climbed by 28% year-on-year to 146.85-million tons as of 27 December 2024.

China's imported iron-ore prices slid by 31% last year, according to Steelhome data.

In December 2024 alone, China imported 112.49 million tons of iron-ore, up 10.4% from 101.86-million tons in November 2024.

Management Discussion and Analysis

MARKET REVIEW *(Continued)*

Zinc

Zinc experienced a 13 percent gain, rising from US\$2,621 per metric ton (MT) to US\$2,979 by the end of the year.

Like copper, zinc faced concentrate shortages in 2024. This situation has led to curtailments at Chinese refiners, which have been forced to compete for limited raw material. Large purchases from exchange warehouses have exacerbated the situation, reducing the amount of refined zinc available to the broader market.

An oversupply situation that drove prices down at the end of 2023 forced operators to curtail output, as high costs made production unsustainable. However, these cuts had little effect, and by the end of the first quarter, aboveground supplies at London Metal Exchange warehouses had surged to over 270,000 MT.

In the second quarter, a price run failed to maintain momentum, as the market lacked the fundamentals to sustain its rise. Higher zinc prices came alongside speculation of a US Federal Reserve interest rate cut and renewed hope that rule changes for the Chinese housing markets would boost zinc's fortunes.

Zinc remained rangebound above US\$3,000 for much of the fourth quarter. It fell below that mark on 8 November 2024, but by 25 November 2024, it was once again trading above that level. Zinc ended the year at US\$2,978.50 on 31 December 2024.

Lead

Lead prices rode a wave of volatility in 2024 as global economic uncertainty continued to wreak havoc on metals markets.

As an industrial metal, lead has largely been used in lead-acid batteries, and to a lesser extent in pigments, weights, cable sheathing and ammunition. More recently, the electric vehicle (EV) market has opened up a sector for growth as EV manufacturers need lead-acid batteries to power electrical systems, including lights, windows, navigation, air-conditioning and airbag sensors.

Lead is typically mined as a by-product of zinc, silver and to a lesser extent, copper. Disruptions to the mining and demand profiles for these metals can have a sizable impact on lead sector fundamentals.

Although they started off the year above the US\$2,025 per metric ton level, lead prices quickly shot up nearly 8 percent in the first four weeks of 2024 on reduced primary and secondary supplies. While prices had shed those gains and then came down to US\$1,963 by the end of March 2024, they then rose to a high for the year of US\$2,343 on 28 May 2024.

By 5 August 2024, lead prices had once again crashed, this time by more than 17 percent to their lowest point of the year at US\$1,930.

For much of the rest of the year, volatility continued to plague the lead market with price ups and downs swinging within the US\$1,950 to US\$2,150 range. Ironically, despite the wide price swings, as of 18 December 2024, lead prices are only down by 2.41 percent since the start of the year.

Gold and Silver

2024 was a record-setting year for gold. Gold saw incredible price gains in 2024, rising from US\$2,000 per ounce to close to US\$2,800.

Various factors have lent support, including 75 basis points worth of interest rate cuts from the US Federal Reserve, geopolitical instability in Eastern Europe and the Middle East and uncertainty in global financial markets.

Management Discussion and Analysis

MARKET REVIEW *(Continued)*

Gold and Silver *(Continued)*

Gold set its first record price of the year at US\$2,251.37 on 31 March 2024. Central bank buying, notably China's purchase of 22 metric tons of gold in the first two months of the year, supported the price. Turkey, Kazakhstan and India also significantly increased their holdings at the start of the year.

The gold price saw increasing momentum in the second quarter, setting a new all-time high of US\$2,450.05 on 20 May 2024. Gains through the quarter were influenced by strong central bank demand. Investor sentiment toward the yellow metal also shifted, with outflows from western exchange-traded funds starting to slow down.

Gold set another record price during the third quarter, reaching US\$2,672.51 on 26 September 2024. The high came just a week after the conclusion of the Federal Reserve Board's (the "**Fed**") September meeting, when it announced a jumbo 50 basis point cut to the federal funds rate. While the People's Bank of China ("**PBoC**") maintained its pause on gold purchases in the third quarter, it granted several regional banks new import quotas in August 2024.

The gold price began the fourth quarter at US\$2,660.30, but quickly saw a retraction to US\$2,608.40 on 9 October 2024. However, the decline didn't last, and the gold price rose again, setting a new record high of US\$2,785.40 on 30 October 2024. The surge was fueled by a weaker-than-expected September US consumer price index report, which showed an annual inflation of 2.4 percent and monthly inflation of 0.2 percent. These numbers were higher than analysts' forecasts of 2.3 and 0.1 percent, raising expectations that the Fed would cut rates at its November meeting.

The end of the month saw a leap in gold price to US\$2,715.80 on 22 November 2024. Following this peak, gold entered December below the US\$2,700 mark, closing at US\$2,660.50 on 9 December 2024.

Silver saw ups and downs in 2024, but as the year draws to a close the metal is set to end substantially higher than where it began.

The silver price put on a strong performance in 2024, hitting highs not seen in over a decade.

Despite some volatility, factors like increasing industrial demand, safe-haven buying from investors and weakening mining supply all came together during the year to support gains in the price.

All told, silver is up nearly 35 percent since the start of 2024, outperforming gold's 32 percent gain.

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the People's Republic of China (the "**PRC**") and the Solomon Islands. Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Ltd ("**Yifeng Wanguo**") which in turn owns the Xinzhuang Copper, Lead, Zinc Mine, an operating mine located in Jiangxi Province, the PRC ("**Xinzhuang Mine**") in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of Xinzhuang Mine primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

The Group has, on 13 July 2017, completed the acquisition of 51% attributable interest of Xizang Changdu County Dadi Mining Company Limited ("**Xizang Changdu**"), which owns the lead mine in Walege of Changdu County, the PRC ("**Walege Mine**") in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver.

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

On 30 April 2020, the Group completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of a gold ridge mine located in the Solomon Islands (“**Gold Ridge Mine**”) in which we exploit for mining. The Group has commenced the trial production since November 2022. In addition, on 9 October 2024, the Group completed acquisition of another 20.22% interest of AXF Gold Ridge Pty Limited, resulted in the Group owning 98% interest of AXF Gold Ridge Pty Limited and 88.2% effective interest in Gold Ridge Mine.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 (the “**Prospectus**”) in Xinzhuang Mine, reaching 600,000 tpa in both mining capacity and processing capacity. We have already further upgraded to 900,000 tpa and obtained a 900,000 tpa safety production certificate (安全生產許可證) in 2023.

Walege Mine

During 2024, the Group completed the extension of exploration license to April 2029, organised the third-party environmental monitoring unit for sample collections in respect of the groundwater, air and soil in the preparation of the mine environmental impact report. On 31 August 2024, the Tibet Autonomous Region Water Resources Department (西藏自治區水利廳) issued “Administration Decision for water application in Xizang Changdu Walege Lead-ore mining project of Xizang Changdu Dadi Mining Co., Ltd” Tibet water permit [2024] No. 70. (《西藏自治區水利廳關於西藏昌都縣爛地礦業有限公司西藏昌都哇了格礦區鉛礦採選項目取水申請的行政許可決定》藏水許可[2024]70號).

Gold Ridge Mine

As at the date of the annual report, the Group, through our wholly-owned subsidiaries, owns 88.2% of equity interest in the Gold Ridge Mine which has a substantial volume of gold mineral resources and commenced trial production in 2023.

Flotation production has reached around 90% of its designed capacity and completed the trial production phase. Plant modification and upgrade continued, including second stage of crushing to reduce the size of ore before entering the mill, and new desliming process to reduce the ore sludge into the flotation. Installation of additional grinding and Knelson gravity circuits have been completed and in operation during the year. Construction of the first and second phase of tailings dry stack facility is completed and in use and commenced the third phase construction.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert’s Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement with the Bureau of Geology and Mineral Exploration of Jiangxi Province (the “**Jiangxi Geology Bureau**”). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report (資源儲量核實報告) has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014.

The exploration in the Xinzhuang Mine has increased the geological reserves of the Group and further proved the hydrogeology conditions in the mining area. Yifeng Wanguo has also appointed Changsha Mine Research Institute to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area. The Group received the report by the end of June 2017. The report showed that a portion of the waterproof pillars can be removed, which will result in an increase of mineral resources of the Xinzhuang Mine by 2.6 million tonnes.

On 27 December 2024, the Group updated the mineral resources and reserves of Gold Ridge Mine. The total mineral resources increased significantly from 72 million tonnes with 3.3 million ounce contained gold as at 31 December 2023 to 196 million tonnes with 7.3 million ounce contained gold as at 31 July 2024, representing an increase of 172.2% and 121.2% respectively.

Management Discussion and Analysis

EXPANSION IN SURROUNDING AREAS *(Continued)*

The reserves increased from 28.7 tonnes with 1.2 million ounce contained gold as at 31 December 2023 to 30.7 tonnes with 1.3 million ounce contained gold as at 31 July 2024, representing an increase of 7.0% and 8.3%. This is attributable to unchanged pit design and production plan at the moment, the current reserve only reflects additional drilling since 2018 and change of cut-off gold grade. The pit design and production plan has not yet been updated so as to capture increased level of resources.

CHANGE OF COMPANY NAME

Following the passing of the special resolution in relation to the proposed change of the Company name by the shareholders at the Extraordinary General Meeting (“EGM”) held on 6 August 2024, the English name of the Company has been changed from “Wanguo International Mining Group Limited” to “Wanguo Gold Group Limited”, and the Chinese name of the Company has been changed from “萬國國際礦業集團有限公司” to “萬國黃金集團有限公司”.

Reason for change of Company Name

On 30 April 2020, the Group completed the acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of the Gold Ridge Mine. The Group developed the gold mine (Gold Ridge Mine) which has been in trial production since November 2022. Gold Ridge Mine produces gold doré and gold concentrate. Flotation concentrate production has been steadily ramping up during this trial production phase. Plant modification and upgrade continued to increase processing capacity and improve metallurgical recovery.

For the year ended 31 December 2023 and the six months ended 30 June 2024, sale of gold doré and gold concentrate have already accounted for more than 50% of the Group’s revenue and gross profit. As the exploration programs continue to progress and production process continue to improve at the Gold Ridge Mine, the Group expects gold mining and processing will become the major revenue and profit contributor of the Group in the near future.

In light of the above, the Board considers the new Company name better reflects the strategy and future development of the Group. The Board believes that the new name of the Company is more consistent with the Group’s future business development, and can provide the Group with an appropriate corporate identity and image.

Please refer to the announcements of the Company dated 20 June 2024, 8 August 2024 and 17 September 2024 and the circular of the Company dated 12 July 2024 for details.

ACQUISITION OF 20.22% IN AXF GOLD RIDGE PTY LIMITED

On 9 August 2024, the Company entered into a sale and purchase agreement with Golden Crane Holdings Limited (“**Golden Crane**”) and Prominence Investment Holding Company Limited (collectively referred as “**Vendors**”), pursuant to which, the Company conditionally agreed to acquire and the Vendors conditionally agreed to sell in aggregate 2,022 shares of AXF Gold Ridge Pty Limited (the “**Target Company**”), representing 20.22% share capital of the Target Company, at a consideration of approximately HK\$732.6 million, which was settled by the allotment and issue of the 90,227,200 new ordinary shares of the Company (“**Shares**”) by the Company to the Vendors at the price of HK\$8.12 per new Share (the “**Acquisition**”), representing a premium of approximately 8% to the closing price per Share at the date of the relevant sale and purchase agreement dated 9 August 2024 (i.e. HK\$7.52 per Share). The total nominal value of the Shares allotted and issued is HK\$9,022,720.

The Target Company is a company incorporated in Western Australia which holds 90% equity interest of Australian Solomons Gold Pty Ltd (“**ASG**”), a company incorporated in Queensland, Australia, and is engaged in investment holding. The Target Company has already been a subsidiary of the Company prior to the Acquisition. ASG, together with its subsidiary ASG Solomon Islands Ltd, own 100% attributable interest of Gold Ridge Mining Limited (“**GRML**”), a company incorporated in the Solomon Islands. GRML owns the mining license and the exploration license in respect of Gold Ridge Project concerning the exploitation and operations of the gold mine located on the island of Guadalcanal, the central island of the Solomon Islands, approximately 30 km south-east of the capital city Honiara in the Solomon Islands (“**Gold Ridge Project**”).

Management Discussion and Analysis

ACQUISITION OF 20.22% IN AXF GOLD RIDGE PTY LIMITED *(Continued)*

As disclosed in the Prospectus, one of the growth strategies of the Group is to expand its mineral resources and ore reserves through acquisition of new mines. The Board believes that the Gold Ridge Project would continue to contribute sales revenue and profits to the Group. Unlike most other commodities, gold has been a stable performer in recent years, which is expected to enhance the stability of the Group's income in the future under impact of economy fluctuation. The Group developed the Gold Ridge Mine which has been in trial production since November 2022. Gold Ridge Mine produces gold doré and gold concentrates. Flotation concentrate production has been steadily ramping up towards its design capacity during this trial production phase. Plant modification and upgrade continued to improve the metallurgical recovery.

For the year ended 31 December 2023 and for the six months ended 30 June 2024, sale of gold doré and gold concentrates have already accounted for more than 50% of the Group's revenue and gross profit. As the exploration programs continue to progress and production process continue to improve at the Gold Ridge Mine, the Group expects gold mining and processing will become the major revenue and profit contributor of the Group in the near future. The Board is therefore of the view that the Acquisition aligns with the Group's development strategy.

As at the date of the Acquisition, Golden Crane, being a substantial shareholder of the Target Company which is a subsidiary of the Company, was interested in 16.17% of the issued share capital of the Target Company, and Golden Crane is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition has been approved by the independent shareholders of the Company in an extraordinary general meeting of the Company. As at the date of this annual report, the Acquisition has completed, and the Group holds 98% share capital of the Target Company and results in an increase to approximately 88.2% attributable interest of GRML.

Please refer to the announcements of the Company dated 9 August 2024, 4 October 2024 and 9 October 2024 and the circular of the Company dated 11 September 2024 for details.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 22 September 2024, the Company entered into a subscription agreement ("**Subscription Agreement**") with Gold Mountains (H.K.) International Mining Company Limited ("**Gold Mountains**"), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd. ("**Zijin Mining**") (紫金礦業集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 2899). Pursuant to the Subscription Agreement, Gold Mountains agreed to subscribe 165,600,000 new Shares at subscription price of HK\$8.33 per subscription share (the "**Subscription**").

The subscription price of HK\$8.33 per subscription share represents: (1) a discount of approximately 9.95% to the closing price of HK\$9.25 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately preceding the date of the Subscription Agreement; and (2) a discount of approximately 8.80% to the average closing price of HK\$9.134 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The gross proceeds raised from the Subscription was approximately HK\$1,379.4 million, and the net proceeds, after deduction of all relevant expenses, was approximately HK\$1,379.3 million. Pursuant to the Subscription Agreement, 50% of the net proceeds will be used for funding of the project concerning the exploration and development of the Gold Ridge Mine in the Solomon Islands and the remaining 50% of the net proceeds will be used for general working capital of the Company, provided that the Company shall have the right to adjust the use of proceeds subject to applicable law and regulations.

Zijin Mining is a sizeable multinational mining group dedicated to the exploration and development of copper, gold, zinc, lithium, silver, molybdenum and other metallic mineral resources globally, the research, design and application of mining engineering, etc., providing the materials that improve standards of living in a low carbon future. The cooperation with Zijin Mining not only provides funding to accelerate the development of the Group's Gold Ridge Project located in the Solomon Islands, but also facilitates the sharing of experiences and provides support in mining technology and mine operation overseas.

Management Discussion and Analysis

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE *(Continued)*

On 1 November 2024, the Subscription was completed and 165,600,000 Shares, representing approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares, have been allotted and issued to Gold Mountains under the general mandate granted to the Directors at the annual general meeting of the Company held on 7 June 2024 at the price of HK\$8.33 per subscription share.

Please refer to the Company's announcements dated 22 September 2024 and 1 November 2024 for details.

As at 31 December 2024, the utilization of the net proceeds from the Subscription was as follows:

| | Planned use of net proceeds HK\$ (million) | Actual use of net proceeds as at 31 December 2024 HK\$ (million) | Unutilised net proceeds as at 31 December 2024 HK\$ (million) |
|-------------------------------|--|---|---|
| Funding of Gold Ridge Project | 689.6 | 176.4 | 513.2 |
| General working capital | 689.7 | 689.7 | – |
| Balance | 1,379.3 | 866.1 | 513.2 |

The unutilized balance of net proceeds from the Subscription is expected to be used in 2025 for the expansion of the Gold Ridge Mine.

INCREASE IN AUTHORISED SHARE CAPITAL

On 26 September 2024, the Board proposed to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by creating an additional 9,000,000,000 unissued Shares (the “**Increase in Authorised Share Capital**”) (ranking pari passu with the existing Shares in all respects upon issue).

The Increase in Authorised Share Capital will provide the Company with a greater flexibility for future investments and fundraising. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole.

On 28 October 2024, the Increase in Authorised Share Capital was approved by the Shareholders by way of an ordinary resolution at the extraordinary general meeting of the Company held on 28 October 2024.

Please refer to the Company's announcements dated 26 September 2024 and 28 October 2024 and the circular of the Company dated 4 October 2024 for details.

Management Discussion and Analysis

SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS AND MONEY MARKET FUND

On 7 November 2024 and 8 November 2024, the Company subscribed for the structured deposit products in the total principal amount of approximately US\$88.0 million offered by JP Morgan Chase Bank (the “**JPM Subscriptions**”), and the Morgan Stanley Liquidity Funds of approximately US\$88.0 million (the “**MS Subscription**”) respectively.

Each of the consideration under each of the JPM Subscriptions and MS Subscription was determined on the basis of commercial terms negotiated at arm’s length between the Company and the respective counterparty, having considered (i) the then available surplus cash of the Company for treasury management purpose; (ii) the expected investment return and terms of each of the JPM Subscriptions and MS Subscription; and (iii) the prevailing market interest rates.

The structured deposit products and money market funds are of low-risk nature with satisfactory liquidity, and the subscriptions are carried out by the Company for treasury management purpose in order to maximize its return on the cash received from subscription of new shares under general mandate. The Group expects that the JPM Subscriptions and the MS Subscription will earn a better yield than current deposits generally offered by commercial banks in the PRC and Hong Kong while at the same time offer flexibility to the Group in terms of treasury management. The investments would be closely monitored and conducted in accordance with the Group’s treasury policy. As such, the Board is of the view that the terms of the JPM Subscriptions and the MS Subscription are fair and reasonable, and are on normal commercial terms and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

Please refer to the Company’s announcements dated 7 November 2024 and 8 November 2024 for details.

ADOPTION OF THE 2024 SHARE AWARD SCHEME AND ADOPTION OF THE 2024 SHARE OPTION SCHEME

On 21 November 2024, the Board has resolved to propose the adoption of the share award scheme to be approved by the Shareholders (the “**2024 Share Award Scheme**”), and the adoption of the share option scheme to be approved by the Shareholders (the “**2024 Share Option Scheme**”).

For the purpose of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange (“**Listing Rules**”), the 2024 Share Award Scheme and 2024 Share Option Scheme will constitute a share scheme involving the grant of awards by the Company and the grant of options over new Shares by the Company respectively.

On 15 January 2025, both of the 2024 Share Award Scheme and 2024 Share Option Scheme were approved by the Shareholders by way of an ordinary resolution at the extraordinary general meeting of the Company.

For the avoidance of doubt, as at 31 December 2024, no awards or options were granted under the 2024 Share Award Scheme or the 2024 Share Option Scheme respectively.

Please refer to the Company’s announcements dated 21 November 2024 and 15 January 2025 and the Company’s circular dated 23 December 2024 for details.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2024

| | JORC Mineral Resource | | | | | | | | | | | |
|---------------------|-----------------------|---------|------|--------|------|-------|-------|------------------|-------|--------|----------|---------|
| Mineralisation Type | Resource Category | Tonnage | Cu | Grades | | | | Contained Metals | | | | |
| | | kt | % | Pb | Zn | TFe | mFe | Cu | Pb | Zn | TFe | mFe |
| | | | | % | % | % | % | kt | kt | kt | kt | kt |
| Cu-Fe | Measured | 4,227 | 0.76 | — | — | — | — | 32.12 | — | — | — | — |
| | Indicated | 10,190 | 0.71 | — | — | — | — | 72.35 | — | — | — | — |
| | Subtotal | 14,417 | 0.72 | — | — | — | — | 104.48 | — | — | — | — |
| | Inferred | 564 | 0.49 | — | — | — | — | 2.74 | — | — | — | — |
| | Total | 14,981 | 0.72 | — | — | — | — | 107.21 | — | — | — | — |
| Fe-Cu | Measured | 1,399 | 0.19 | — | — | 44.17 | 30.89 | 2.61 | — | — | 617.96 | 432.14 |
| | Indicated | 2,284 | 0.34 | — | — | 39.59 | 25.15 | 7.77 | — | — | 904.22 | 574.45 |
| | Subtotal | 3,683 | 0.28 | — | — | 41.33 | 27.33 | 10.38 | — | — | 1,522.17 | 1,006.6 |
| | Inferred | 217 | 0.52 | — | — | 44.13 | 31.02 | 1.14 | — | — | 95.76 | 67.31 |
| | Total | 3,900 | 0.3 | — | — | 41.49 | 27.54 | 11.51 | — | — | 1,617.93 | 1,073.9 |
| Cu-Pb-Zn | Measured | 1,085 | 0.13 | 0.95 | 5.17 | — | — | 1.42 | 10.3 | 56.08 | — | — |
| | Indicated | 1,492 | 0.09 | 1.88 | 3.7 | — | — | 1.3 | 28.08 | 55.21 | — | — |
| | Subtotal | 2,577 | 0.11 | 1.49 | 4.32 | — | — | 2.72 | 38.39 | 111.29 | — | — |
| | Inferred | 266 | 0.13 | 0.39 | 4.44 | — | — | 0.34 | 1.05 | 11.79 | — | — |
| | Total | 2,843 | 0.11 | 1.39 | 4.33 | — | — | 3.06 | 39.44 | 123.08 | — | — |
| Total | Measured | 6,711 | — | — | — | — | — | 36.15 | 10.3 | 56.08 | 617.96 | 432.14 |
| | Indicated | 13,966 | — | — | — | — | — | 81.42 | 28.08 | 55.21 | 904.22 | 574.45 |
| | Subtotal | 20,677 | — | — | — | — | — | 117.57 | 38.39 | 111.29 | 1,522.17 | 1,006.6 |
| | Inferred | 1,047 | — | — | — | — | — | 4.21 | 1.05 | 11.79 | 95.76 | 67.31 |
| | Total | 21,724 | — | — | — | — | — | 121.78 | 39.44 | 123.08 | 1,617.93 | 1,073.9 |

Notes:

- (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.
- (2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.
- (3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2024.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES (Continued)

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2024

| Mineralization Type | JORC Ore Reserve | Tonnage kt | Cu % | Grades | | | | Contained Metals | | | | |
|---------------------|------------------|---------------|---------|---------|---------|----------|----------|------------------|----------|----------|-----------|-----------|
| | Category | | | Pb % | Zn % | TFe % | mFe % | Cu kt | Pb kt | Zn kt | TFe kt | mFe kt |
| Cu-Fe | Proved | 3,073 | 0.77 | — | — | — | — | 23.66 | — | — | — | — |
| | Probable | 3,064 | 0.66 | — | — | — | — | 20.37 | — | — | — | — |
| | Total | 6,137 | 0.72 | — | — | — | — | 44.03 | — | — | — | — |
| Fe-Cu | Proved | 1,602 | 0.21 | — | — | 37.19 | 32.15 | 3.32 | — | — | 595.86 | 515.17 |
| | Probable | 797 | 0.32 | — | — | 23.17 | 19.81 | 2.56 | — | — | 184.65 | 157.91 |
| | Total | 2,399 | 0.25 | — | — | 32.53 | 28.05 | 5.88 | — | — | 780.51 | 673.08 |
| Cu-Pb-Zn | Proved | 634 | 0.08 | 0.9 | 4.99 | — | — | 0.54 | 5.71 | 31.64 | — | — |
| | Probable | 139 | 0.04 | 1.31 | 2.93 | — | — | 0.05 | 1.82 | 4.06 | — | — |
| | Total | 773 | 0.08 | 0.97 | 4.62 | — | — | 0.59 | 7.53 | 35.71 | — | — |
| Total | Proved | 5,309 | — | — | — | — | — | 27.52 | 5.71 | 31.64 | 595.86 | 515.17 |
| | Probable | 4,000 | — | — | — | — | — | 22.98 | 1.82 | 4.06 | 184.65 | 157.91 |
| | Total | 9,309 | — | — | — | — | — | 50.5 | 7.53 | 35.71 | 780.51 | 673.08 |

Notes:

- (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.
- (2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.
- (3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2024.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES *(Continued)*

The Walege Mine Mineral Resource Summary – as at 31 December 2024 Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

| JORC Mineral Resource Category | Tonnes (Mt) | Grade (Pb%) | Ag (g/t) | Lead Metal (1,000t) | Silver Metal (1,000Kg) | BaSo ₄ (%) | Barium Sulfate (1,000t) |
|-----------------------------------|----------------|----------------|--------------|---------------------------|------------------------------|--------------------------|-------------------------------|
| Measured | 13.996 | 3.79 | 44.80 | 530.4 | 627.1 | 55.73 | 927.2 |
| Indicated | 18.343 | 3.57 | 43.32 | 655.6 | 794.7 | 56.11 | 644.9 |
| Inferred | 10.688 | 3.82 | 48.22 | 408.5 | 515.4 | 55.04 | 854.2 |
| Totals | 43.027 | 3.71 | 45.02 | 1,594.5 | 1,937.2 | 55.93 | 2,523.4 |

Notes:

- (1) The mineral resource estimates were based on 136 diamond drilling holes, 54 trenching projects and 9 pit excavation engineering completed up until 2018. The wireframes were generated based on cross sectional widths of 50m-100m*100m-200m spacing. This was based on exploration drilling patterns. Mineralisation cut-off grades of 0.5% Pb combined with the geological logging were used to define the mineralised envelopes.
- (2) The mineral resources have been classified and reported in accordance with the JORC Code. Resource classification is based on confidence in the mapping, geological interpretation, drill spacing and geostatistical measures. The current resource models provided robust global estimates of the in situ mineralisation of Pb and Ag. Mineral Resources have been reported above cut-off of 2.5% Pb.
- (3) The mineral resource estimates were based on 72 diamond drill holes completed up until 2013 and the wireframes were generated based on cross sectional widths of 100m-100m spacing as disclosed in the Company's circular dated 2 December 2015. There were no material changes in these estimates during the period from 31 December 2018 to 31 December 2024.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES *(Continued)* Gold Ridge Mine Resources Summary as at 31 December 2024

| Class | Type | Tonnes Kt | Au g/t | Au Koz |
|--------------------|--------------|----------------|-------------|--------------|
| Measured | Oxide | 741 | 1.15 | 27 |
| | Transitional | 1,000 | 1.29 | 41 |
| | Fresh | 21,626 | 1.14 | 793 |
| Sub Total | | 23,368 | 1.15 | 862 |
| Indicated | Oxide | 1,442 | 1.02 | 47 |
| | Transitional | 1,545 | 1.23 | 61 |
| | Fresh | 76,410 | 1.22 | 2,992 |
| Sub Total | | 79,397 | 1.21 | 3,100 |
| Inferred | Oxide | 2,503 | 0.86 | 72 |
| | Transitional | 1,614 | 1.11 | 58 |
| | Fresh | 85,017 | 1.14 | 3,125 |
| Sub Total | | 89,134 | 1.14 | 3,255 |
| Grand Total | | 191,899 | 1.17 | 7,217 |

Notes:

1. The estimate of mineral resources is set out in the above table and based on gold cut-off grades of 0.25 g/t for oxide, 0.52 g/t for transition, and 0.41g/t for fresh rock for open cut potential. The mineral resource was reported within a US\$2,200 per ounce pit shell, which is approximately 1.2 times the consensus forecast as of July 2024 and reflects the longer-term open cut mining economic potential. A 2 g/t Au cut-off grade was applied below the pit shell to reflect underground mining potential.
2. The estimate of mineral resources has been constrained by the topography, which was constructed from the latest July 2024 topography contour strings.
3. There were no material changes in these estimates during the period from 31 July 2024 (please refer to the Company's announcement dated 27 December 2024 for the updates of mineral resources and reserves for details) to 31 December 2024.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES *(Continued)*

Reported at >2 g/t Au cut-off below 1.2 RF Shell

| Class | Type | Tonnes Kt | Au g/t | Au Koz |
|--------------------|--------------|--------------|-------------|------------|
| Measured | Oxide | — | — | — |
| | Transitional | — | — | — |
| | Fresh | — | 2.82 | — |
| Sub Total | | — | 2.82 | — |
| Indicated | Oxide | — | — | — |
| | Transitional | — | — | — |
| | Fresh | 100 | 3.01 | 10 |
| Sub Total | | 100 | 3.01 | 10 |
| Inferred | Oxide | — | — | — |
| | Transitional | — | — | — |
| | Fresh | 5,400 | 2.43 | 420 |
| Sub Total | | 5,400 | 2.43 | 420 |
| Grand Total | | 5,500 | 2.44 | 430 |

Gold Ridge Mine Ore Reserve as at 31 December 2024

| | Proved | | | Probable | | | Total | | |
|--------------|----------------|-------------|------------|----------------|-------------|------------|----------------|-------------|--------------|
| | Quantity Mt | Au g/t | Au Koz | Quantity Mt | Au g/t | Au Koz | Quantity Mt | Au g/t | Au Koz |
| Pit | 12.8 | 1.39 | 573 | 14.3 | 1.30 | 601 | 27.1 | 1.34 | 1,174 |
| Stockpile | 0.6 | 1.14 | 22 | — | — | — | 0.6 | 1.14 | 22 |
| Total | 13.4 | 1.28 | 595 | 14.3 | 1.30 | 601 | 27.7 | 1.29 | 1,196 |

Notes:

- The following marginal cut-off grades determined based on a US\$1,750 per troy ounce gold price, and updated costs and mining and metallurgical modifying factors.
- Marginal cut-off grades for Gold Ridge Mine Oxide 0.32 g/t Au, Transition 0.68 g/t Au and Fresh 0.55 g/t Au.
- Pit designs are based on US\$1,750 per troy oz gold metal price.
- Ore reserve estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The quantities contained in the above table have been rounded to three significant figures to reflect the relative uncertainty of the estimate. Rounding may cause values in the table to appear to have computational errors.
- All ore reserve estimates are on a dry basis.
- There were no material changes in these estimates during the period from 31 July 2024 (please refer to the Company's announcement dated 27 December 2024 for the updates of mineral resources and reserves for details) to 31 December 2024.

Management Discussion and Analysis

FINANCIAL REVIEW

| | Year ended 31 December | | | | | |
|---------------------|--|--|------------|--|---|------------|
| | Concentrates products, gold doré and gold concentrates (own mined) | Trading of other concentrate (sourced outside) | 2024 Total | Concentrates products, gold doré and gold concentrates (own mined) | Trading of other concentrates (sourced outside) | 2023 Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 1,827,430 | 48,131 | 1,875,561 | 1,230,872 | 84,345 | 1,315,217 |
| Cost of sales | (829,828) | (48,740) | (878,568) | (611,983) | (83,997) | (695,980) |
| Gross profit/(loss) | 997,602 | (609) | 996,993 | 618,889 | 348 | 619,237 |
| Gross profit margin | 54.6% | (1.27%) | 53.2% | 50.3% | 0.41% | 47.1% |

Revenue, cost of sales, gross profit and gross profit margin

The Group's overall revenue increased by approximately 42.6% from approximately RMB1,315.2 million in 2023 to approximately RMB1,875.6 million in 2024, which was primarily due to the increase in sales generated by our Gold Ridge Mine. Our cost of sales increased by approximately 26.2% from approximately RMB696.0 million in 2023 to approximately RMB878.6 million in 2024 which was mainly driven by the corresponding increase in sales from our Gold Ridge Mine.

The overall gross profit of the Group increased by approximately 61.0% from approximately RMB619.2 million for the year ended 31 December 2023 to approximately RMB997.0 million for the year ended 31 December 2024. The overall gross profit margin increased from approximately 47.1% for the year ended 31 December 2023 to approximately 53.2% for the year ended 31 December 2024. Such increase was mainly resulted from the increase in gross profit margin of our Gold Ridge Mine.

(i) Concentrates products, gold doré and gold concentrates (own mined)

| | Year ended 31 December | | | | | |
|---------------------|--------------------------------------|---|------------|--------------------------------------|---|------------|
| | Xinzhuang Mine Concentrated products | Gold Ridge Mine gold doré and gold concentrates | 2024 Total | Xinzhuang Mine Concentrated products | Gold Ridge Mine gold doré and gold concentrates | 2023 Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 639,502 | 1,187,928 | 1,827,430 | 572,556 | 658,316 | 1,230,872 |
| Cost of sales | (302,891) | (526,937) | (829,828) | (287,351) | (324,632) | (611,983) |
| Gross profit | 336,611 | 660,991 | 997,602 | 285,205 | 333,684 | 618,889 |
| Gross profit margin | 52.6% | 55.6% | 54.6% | 49.8% | 50.7% | 50.3% |

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(i) *Concentrates products, gold doré and gold concentrates (own mined)* *(Continued)*

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products increased by approximately 11.7% from approximately RMB572.6 million for the year ended 31 December 2023 to approximately RMB639.5 million for the year ended 31 December 2024.

For the year ended 31 December 2024, we sold 3,990 tonnes of copper in copper concentrates, 76,322 tonnes of iron concentrates and 6,480 tonnes of zinc in zinc concentrates, compared to 3,709 tonnes, 80,938 tonnes and 8,390 tonnes respectively for the year ended 31 December 2023, representing an increase of approximately 7.6% for copper in copper concentrates and decreases of approximately 5.7% and 22.8% for iron concentrates and zinc in zinc concentrates respectively which were principally due to the decrease in Cu-Pb-Zn resources and the volume of zinc in zinc concentrates processed decreased.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates in 2024 were RMB61,854, RMB640 and RMB17,107 per tonne respectively, compared to RMB53,557, RMB718 and RMB12,600 per tonne respectively in 2023, representing increases of approximately 15.5% and 35.8% for copper in copper concentrates and zinc in zinc concentrates respectively, the increase in the price of concentrates is due to the substantial stimulus measures implemented by the China's authorities, and a decrease of approximately 10.9% for iron concentrates which was due to faltering demand and high portside stocks in China.

The cost of sales of concentrates products increased by approximately 5.4% from approximately RMB287.4 million in 2023 to approximately RMB302.9 million in 2024, which was in line with the increase in sales.

The gross profit of concentrates products for the year ended 31 December 2024 was approximately RMB336.6 million, representing an increase of approximately 18.0% compared to approximately RMB285.2 million for the year ended 31 December 2023. The gross profit margin increased from approximately 49.8% for the year ended 31 December 2023 to approximately 52.6% for the year ended 31 December 2024. Such increase was mainly attributable to the surge in the selling price of certain concentrates.

Gold Ridge Mine – gold doré and gold concentrates

Our Gold Ridge Mine exported gold doré from the heap leach operation starting from November 2022 and also exported gold concentrates from flotation operation starting from February 2023.

Revenue from sales of gold doré and gold concentrates increased by approximately 80.4% from approximately RMB658.3 million for the year ended 31 December 2023 to approximately RMB1,187.9 million for the year ended 31 December 2024. The increase was primarily due to the increase in gold price and volume of gold concentrates and gold doré sold.

The cost of sales of gold doré and gold concentrates increased by approximately 62.3% from approximately RMB324.6 million for the year ended 31 December 2023 to approximately RMB526.9 million for the year ended 31 December 2024, which was increased in line with the increase in sales.

The gross profit of gold doré and gold concentrates for the year ended 31 December 2024 was approximately RMB661.0 million, which represented an increase of approximately 98.1% compared to approximately RMB333.7 million for the year ended 31 December 2023. The gross profit margin increased from approximately 50.7% for the year ended 31 December 2023 to approximately 55.6% for the year ended 31 December 2024. Such increase was mainly attributable to the surge in gold price and low cost achieved under increase in scale of production.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(ii) *Trading of electrolytic copper and other concentrates (sourced outside)*

Revenue from trading of other concentrates decreased by approximately 42.9% from approximately RMB84.3 million for the year ended 31 December 2023 to approximately RMB48.1 million for the year ended 31 December 2024.

The corresponding cost of sales decreased by approximately 42.0% from approximately RMB84.0 million for the year ended 31 December 2023 to approximately RMB48.7 million for the year ended 31 December 2024.

The gross profit decreased by approximately 1.75 times from a profit of approximately RMB348,000 for the year ended 31 December 2023 to a loss of approximately RMB609,000 for the year ended 31 December 2024. The gross profit margin decreased from approximately 0.41% for the year ended 31 December 2023 to approximately -1.27% for the year ended 31 December 2024. The decrease in gross profit and gross profit margin was mainly attributable to low profit margin from sale of other concentrates in the current year.

Other income

Our other income mainly comprised bank interest income of approximately RMB3.0 million, interest income from financial assets at fair value through profit or loss (“FVTPL”) of approximately RMB2.0 million, incentives received from governmental authorities of approximately RMB0.2 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB1.2 million for the year ended 31 December 2024. Other income decreased by approximately RMB2.0 million as compared to 2023, which was mainly attributable to the decrease in bank interest income from fixed deposits of approximately RMB0.8 million and incentives received from governmental authorities of approximately RMB1.2 million.

Other gains and losses

Our other gains and losses increased by approximately RMB12.7 million from losses of approximately RMB9.9 million to gains of approximately RMB2.8 million, which comprised mainly gain from change in fair value of financial assets at FVTPL of approximately RMB4.2 million, loss on disposal of property, plant and equipment of approximately RMB2.0 million and unrealised exchange gain of approximately RMB0.6 million as a result of the translation of Australian dollars, Hong Kong dollars, Solomon Islands dollars and US dollars into Renminbi as at 31 December 2024, whereas for the year ended 31 December 2023, there were unrealised exchange loss of approximately RMB8.9 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses decreased by approximately 30.1% from approximately RMB78.3 million for the year ended 31 December 2023 to approximately RMB54.7 million for the year ended 31 December 2024. The decrease was mainly due to the reallocation of treatment and refinery charges of approximately RMB50.0 million which offset against the revenue. These charges were directly associated with the sales of gold concentrates from our Gold Ridge Mine.

Administrative expenses

Our administrative expenses increased by approximately 29.4% from approximately RMB103.4 million in 2023 to approximately RMB133.8 million in 2024. The increase was principally attributable to the increase in legal and professional fees and security fee due to extra security guards employed following the increase in gold inventory levels.

Finance costs

Our finance costs decreased by approximately 2.4% from approximately RMB12.6 million in 2023 to approximately RMB12.3 million in 2024, primarily due to the decrease in interest on contract liabilities of approximately RMB1.9 million in 2023 and was offset by the increase in bank interest expenses of approximately RMB1.6 million with regard to the increase in bank borrowings.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Income tax expense

Our income tax expense was approximately RMB114.6 million in 2024, consisting of PRC corporate income tax payable of approximately RMB43.3 million, Solomon Islands corporate income tax payable of approximately RMB62.4 million, withholding tax payable of approximately RMB10.7 million and deferred tax credit of approximately RMB1.8 million. Our income tax expense was approximately RMB30.7 million in 2023, consisting of PRC corporate income tax payable of approximately RMB22.8 million and withholding tax payable of approximately RMB7.9 million.

The increase in our income tax expense for the year ended 31 December 2024 was primarily due to the increase in our Gold Ridge Mine income tax expense as a result of the increase in operating profit and full utilisation of tax losses brought forward from prior years which were subject to a 35% income tax rate under the Solomon Islands corporate income tax laws.

Profit for the year

As a result of the foregoing, our profit after taxation increased by approximately 76.8% or approximately RMB300.3 million, from approximately RMB390.9 million for the year ended 31 December 2023 to approximately RMB691.2 million for the year ended 31 December 2024. The increase was mainly attributable to the increase in sales of gold doré and gold concentrates and their profits contribution from our Gold Ridge Mine.

Our net profit margin increased from approximately 29.7% for the year ended 31 December 2023 to approximately 36.9% for the year ended 31 December 2024. Such increase was mainly due to rise in revenue and profit generated from sales of gold doré and gold concentrates with high profit margin.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 71.6% or approximately RMB240.0 million, from approximately RMB335.4 million for the year ended 31 December 2023 to approximately RMB575.4 million for the year ended 31 December 2024.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2024, the Group's property, plant and equipment and construction in progress were approximately RMB918.7 million, representing an increase of approximately RMB108.1 million or approximately 13.3% over last year mainly due to the purchase of mining and processing equipment and construction of mining structures in our Gold Ridge Mine.

Analysis of inventories

Inventories consist of raw materials, ore, processed concentrates and gold doré. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2024 and 2023, our inventories were approximately RMB174.7 million and approximately RMB200.0 million respectively. The decrease in inventories was mainly due to the substantial gold doré and gold concentrates sold before the year ended.

Analysis of trade receivables

Trade receivables represent receivables from the sale of processed concentrates and gold doré. Our Group generally requests our concentrates customers in PRC to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. Our trade receivables were approximately RMB164.8 million as at 31 December 2024, compared to approximately RMB69.4 million as at 31 December 2023. The increase in trade receivables as at 31 December 2024 was mainly due to sales of gold doré and gold concentrates in the Solomon Islands to customers with longer credit period.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls, cement and diesel oil and (ii) construction fee payable to our contractors. As at 31 December 2024 and 2023, our trade payables were approximately RMB92.8 million and approximately RMB102.8 million respectively. The trade payables as at 31 December 2024 included payable for the purchase of diesel oil of approximately RMB27.4 million, subcontracting fee payable to our contractors of approximately RMB26.7 million and drilling expenses of approximately RMB8.4 million in our Gold Ridge Mine.

Liquidity and capital resources

Our liquidity requirements relate to funding working capital, capital expenditures and maintaining cash reserves, which are funded by a combination of bank borrowings and cash generated from operation.

Our Group had cash and cash equivalents of approximately RMB513.7 million as at 31 December 2024, compared to approximately RMB171.6 million as at 31 December 2023, of which approximately RMB268.7 million (2023: approximately RMB24.1 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars. Such increase in bank balances and cash was mainly attributable to the proceed from subscription of new shares under general mandate.

As at 31 December 2024, the Group recorded net assets of approximately RMB3,453.3 million (2023: approximately RMB1,760.5 million) and net current assets of approximately RMB1,864.5 million (2023: net current assets of approximately RMB189.5 million). The current ratio of the Group as at 31 December 2024 was 4.78 times as compared to 1.38 times as at 31 December 2023. The increase in net current assets were attributable to the increase in bank balances and proceeds from subscription which are included in financial assets at fair value through profit or loss.

Borrowings

As at 31 December 2024, the Group had secured bank borrowings of approximately RMB110.7 million and unsecured bank borrowings of approximately RMB150.0 million (2023: secured bank borrowings of approximately RMB82.0 million and unsecured bank borrowings of approximately RMB119.9 million) in aggregate with maturity from one year to three years and effective interest rate of approximately 4.86%.

Gearing Ratio

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to approximately 7.7% (2023: approximately 11.0%). The decrease in gearing ratio was mainly attributable to the increase in bank balances and cash and financial assets at FVTPL of approximately RMB1,335.2 million.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Cash Flows

The following table sets out a condensed summary of our Group's consolidated statement of cash flows for the year ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|--|------------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| Net cash inflow from operating activities | 843,284 | 349,998 |
| Net cash outflow from investing activities | (1,555,726) | (159,059) |
| Net cash inflow (outflow) from financing activities | 1,050,889 | (87,655) |
| Net increase in cash and cash equivalents | 338,447 | 103,284 |
| Effect of foreign exchange rate changes | 3,669 | 387 |
| Cash and cash equivalents at the beginning of the year | 171,612 | 67,941 |
| Cash and cash equivalents at the end of the year | 513,728 | 171,612 |

Net cash flow from operating activities

For the year ended 31 December 2024, net cash inflow from operating activities amounted to approximately RMB843.3 million, which mainly comprised the profit before working capital changes of approximately RMB912.5 million, together with increase in trade and other payables of approximately RMB6.9 million and decrease in inventories of approximately RMB25.3 million and was offset by increase in trade and other receivables of approximately RMB10.4 million, decrease in contract liabilities of approximately RMB36.4 million, withholding tax paid of approximately RMB11.9 million and income tax paid of approximately RMB42.7 million.

Net cash flow from investing activities

Net cash outflow from investing activities amounted to approximately RMB1,555.7 million for the year ended 31 December 2024. It was primarily attributable to the net payment for financial assets at FVTPL of approximately RMB1,331.0 million, payments of capital expenditure for property, plant and equipment of approximately RMB183.8 million, payment for evaluation and exploration assets of approximately RMB15.3 million, origination of loan receivable of approximately RMB29.8 million, placement of restricted bank balances of approximately RMB0.9 million and was offset by interest income of approximately RMB5.1 million.

Net cash flow from financing activities

Net cash inflow from financing activities amounted to approximately RMB1,050.9 million for the year ended 31 December 2024. This was principally due to net proceeds from issue of new shares of approximately RMB1,262.1 million and new borrowings of approximately RMB310.0 million and was offset by repayment to related parties of approximately RMB4.8 million, repayment of borrowings and interests of approximately RMB263.2 million, repayment of lease liabilities of approximately RMB1.2 million as well as dividend paid to shareholders of approximately RMB252.0 million.

Capital Expenditure

The total capital expenditure of the Group increased from approximately RMB138.3 million for the year ended 31 December 2023 to approximately RMB186.3 million for the year ended 31 December 2024, representing an increase of approximately 34.7%. The capital expenditure in 2024 was primarily incurred from the purchase of mining and processing equipment and construction of mining structures at the Xinzhuang Mine and Gold Ridge Mine. Increase in capital expenditure was mainly attributable to the construction of processing plant in our Gold Ridge Mine.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Contractual Obligations and Capital Commitment

As at 31 December 2024, the Group's capital commitments amounted to approximately RMB18.3 million, which was attributable to the development of the Xinzhuang Mine.

| | RMB'000 |
|---------------------------------|---------|
| Three new shafts projects | 926 |
| Upgrading the processing plants | 16,823 |
| Other civil work | 565 |
| | 18,314 |

As at 31 December 2024, the Group also entered the following commitments in relation to the development of the Gold Ridge Mine.

| | RMB'000 |
|---------------------------------|---------|
| Mining structures | 298,738 |
| Mining and processing equipment | 29,420 |
| | 328,158 |

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities or guarantees.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this annual report, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this annual report, the Group does not have any plan authorised by the Board for material investments or additions of capital assets as at the date of this annual report.

Charge on Group Assets

As at 31 December 2024, the Group's right-of-use-assets and buildings with carrying value of approximately RMB55.9 million (31 December 2023: right-of-use-assets and buildings of approximately RMB60.2 million) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balances and cash, other receivables and other payables are denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2024, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2024.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Interest Rate Risk

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the PBoC and Hong Kong Interbank Offered Rate (“HIBOR”) respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

Financial Instruments

The Group’s major financial instruments include trade and other receivables, bank balances and cash, restricted bank balance, trade and other payables, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB14.5 cents (equivalent to approximately HK\$15.7 cents) per Share for the year ended 31 December 2024 (2023: RMB18.50 cents per Share) and a special dividend of RMB7.5 cents (equivalent to approximately HK\$8.1 cents) per Share for the year ended 31 December 2024 (2023: RMB Nil cents per Share), representing approximately 41.4% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Friday, 20 June 2025. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB238.4 million. Subject to the approval of the payment of the final dividend and special dividend by the Shareholders at the annual general meeting to be held on Friday, 6 June 2025, it is expected that the proposed final dividend and special dividend will be paid on or before Thursday, 31 July 2025.

ANNUAL GENERAL MEETING

The 2025 annual general meeting (the “AGM”) of the Company will be held on Friday, 6 June 2025. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company (the “Articles”) and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 2 June 2025.

The final dividend and special dividend are payable to the Shareholders whose names appear on the register of members of the Company at close of business on Friday, 20 June 2025. For determination of entitlement to the final dividend and special dividend, the register of members of the Company will be closed from Wednesday, 18 June 2025 to Friday, 20 June 2025, both days inclusive. In order to qualify for the proposed final dividend and special dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2025.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, we had a total of 1,123 (2023: 837) employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine.

| | Number |
|---|--------|
| Underground technical and supporting mine workers | |
| – Safety supervision | 17 |
| – Mining and geological technical staff | 134 |
| – Mining record and surveying staff | 10 |
| – Geological drilling operators | 36 |
| – Ventilation and hauling facilities and water-pump operators and maintenance staff | 67 |
| – Backfilling team | 24 |
| Processing plant workers | 354 |
| Open-pit workers | 94 |
| Laboratory staff | 24 |
| Security guards | 103 |
| Mine management and supporting staff | 260 |
| | 1,123 |

The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees, national provident funds for our Solomon Islands employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During 2024, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 27,975 m, with drill size of 60-108 mm for the year ended 31 December 2024. We have also finished tunnel drilling of 1,199 m and completed adit mapping of 2,650 m. For the year ended 31 December 2024, approximately RMB3.8 million was incurred for the mineral exploration.

Development

During 2024, Xinzhuang Mine incurred development expenditure of approximately RMB118.7 million. Detailed breakdown of development expenditure is as follows:

| | RMB (million) |
|--|------------------|
| Mining structures | 116.5 |
| Machinery and electronic equipment for processing plants | 2.2 |
| | 118.7 |

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Xinzhuang Mine *(Continued)*

Mining activities

During 2024, we processed a total of 1,087,333 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during 2024.

| Type of concentrates sold | Volume |
|-------------------------------|----------------|
| Copper in copper concentrates | 3,990 Tonnes |
| Iron concentrates | 76,322 Tonnes |
| Zinc in zinc concentrates | 6,480 Tonnes |
| Sulfur concentrates | 248,110 Tonnes |
| Lead in lead concentrates | 1,309 Tonnes |
| Sulfur and iron concentrates | 71,023 Tonnes |
| Gold in copper concentrates | 54 Kg |
| Silver in copper concentrates | 4,230 Kg |
| Gold in zinc concentrates | 13 Kg |
| Silver in zinc concentrates | 21 Kg |
| Gold in lead concentrates | 111 Kg |
| Sliver in lead concentrates | 4,751 Kg |
| Copper in lead concentrates | 368 Kg |

During 2024, the incurred expenditures for mining and processing activities were approximately RMB148.2 million (2023: approximately RMB146.7 million) and approximately RMB118.3 million (2023: approximately RMB107.7 million) respectively. The unit expenditures for mining and processing activities were approximately RMB136.3/t (2023: approximately RMB138.7/t) and approximately RMB108.8/t (2023: approximately RMB101.8/t) respectively. The increase in unit expenditure for processing activities was mainly attributable to the increase in the usage of various types of chemical products to comply with environmental protection requirements in processing processes.

Walege Mine

The Group owns 51% equity interest of Xizang Changdu, which in turn owns the Walege Mine in which the Group can conduct both open-pit and underground mining. The Group is in the progress of converting its exploration license to mining license.

Mineral exploration

No mineral exploration was conducted in 2024. During 2024, the main activities were the license maintenance as well as various activities in connection with conversion of exploration license to mining license.

Development

During 2024, Walege Mine incurred development expenditure of approximately RMB2.3 million mainly in respect of conversion of exploration license to mining license, including completion and review by experts in respect of the environmental impact assessment report and pending for submission, initiation of green mine construction programme, organizing panel review and revision etc.

Mining activities

Since the Walege Mine is still at a development stage, no mining activity has taken place during the year ended 31 December 2024.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine

Mineral exploration

In 2024, there were a total of 915 holes drilled with total 53,198.14m at the Gold Ridge Mine, including:

- a) 16 core drill holes with 6,410.44 m, mainly targeting the Dawsons district and Charivunga deposits;
- b) 7 reverse circulation drill holes with 776.5m and 14 core drill holes with 1,803.2 m in Valehaichichi deposits;
- c) 878 reverse circulation drill holes with 44,208m, which is the areas currently being mined at the Valehaichichi deposit, Dawsons deposit, Charivunga deposit, Kupers and Dawsons deposits.

In 2024, expenditure of mineral exploration was approximately RMB34.9 million. The expenditure includes direct drilling cost, energy cost and assay cost.

Development

In 2024, the Gold Ridge Mine incurred development expenditure of RMB65.1 million mainly in respect of the construction of the tailings dry stacking facility, gold room refurbishment and flotation plant upgrade and tailings discharge pipe works.

Detailed breakdown of development expenditure is as follows:

| | RMB' (million) |
|--|-------------------|
| Mining structures | 5.4 |
| Buildings | 4.1 |
| Machinery and electronic equipment for processing plants | 29.5 |
| Motor vehicles | 26.1 |
| | 65.1 |

Mining activities

Gold Ridge Mine commenced heap leach plant trial production in August 2022, and flotation plant trial production from 1 January 2023. It has continued to ramp up to its designed production capacity during 2024.

In 2024, the flotation plant processed a total of 2,281,468 tonnes of ore and produced approximately 46,191 dry metric tonnes of gold concentrates (with an average grade of around 23.88g/t). Knelson gravity circuit and heap leach plant produced 1,199 kg of gold doré (averaging 79.88% gold and 18.12% silver), which were sold to a famous refinery in Australia in 2024.

For 2024, upon completing Knelson gravity circuit and flotation plant upgrade, we expect to achieve a higher sales of gold doré and gold concentrates.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine *(Continued)*

Mining activities *(Continued)*

The following table sets forth the volume of respective products sold from the Gold Ridge Mine during 2024:

| Type of concentrates sold | 2024 | | 2023 | |
|----------------------------|-----------|---------------------|-----------|---------------------|
| | Volume | Contained gold (kg) | Volume | Contained gold (kg) |
| Gold Doré (kg) | 1,573.68 | 1,261 | 1,142.90 | 893 |
| Gold Concentrates (tonnes) | 44,418.20 | 1,110 | 23,638.83 | 653 |
| | | 2,371 | | 1,546 |

The following table sets forth the volume of ores mined and processed at the Gold Ridge Mine during 2024:

| | 2024 | 2023 |
|-------------------------|-----------------|-----------------|
| | Volume (tonnes) | Volume (tonnes) |
| Volume of ore mined | 2,713,310 | 1,466,571 |
| Volume of ore processed | 2,281,468 | 1,158,854 |

During 2024, Gold Ridge Mine incurred expenditures for mining and processing activities of approximately RMB230.1 million (2023: RMB161.2 million) and RMB257.7 million (2023: RMB154.4 million) respectively. The unit of expenditures for mining and processing activities were approximately RMB84.8/t (2023: RMB109.9/t) and RMB113.0/t (2023: RMB133.3/t) respectively.

PROSPECT

We intend to continue to grow our business into a leading non-ferrous mining company in the PRC and South Pacific region through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased our targeted mining capacity and processing capacity of 600,000 tpa by the end of 2014 and is now at the final stage of upgrading the mining capacity to 900,000 tpa. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further grow our business and maximise returns to the Shareholders.

Management Discussion and Analysis

OUTLOOK

In 2024, domestic and foreign non-ferrous metals trend diverge, of which copper, lead and zinc benefited from the supply contraction rose sharply, in 2025, the media forecasted non-ferrous metals supply and demand pattern may change from “supply contraction, lack of demand” to “supply repair, demand rebound”, prices may show “easy to rise but hard to fall” trend. While overseas demand may weaken due to Trump’s tariff hikes and economic slowdowns in Europe and the US, China’s demand may pick up after recovery.

Despite short-term headwinds such as a stronger US dollar and rising bond yields, the gold market in 2025 continues to show strong resilience and long-term potential. While retail investors are confident that gold will break above US\$3,000 per ounce, Wall Street pundits view the short-term challenges more cautiously and anticipate a new breakthrough in gold prices in the second half of the year.

Gold’s attractiveness as a safe-haven asset will continue to strengthen in the coming year as global economic uncertainty intensifies, geopolitical tensions rise and there is strong demand for central bank gold purchases.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied with the PRC laws relating to the mineral industry such as Mineral Resources Law of the PRC, the Rules for Implementation of the Mineral Resources Law, the Procedures for the Registration of Mining and Mineral Resources and adopted other practices to ensure adherence to applicable legal and regulatory requirements in our PRC operation. The Group is also governed by the Mines and Minerals Act (including its associated amendments and regulations) and the National Minerals Policy as published by the Ministry of Mines, Energy and Rural Electrification for our Solomon Islands operation. Other laws and regulations are also of relevance to the Group by nature of its mining operations, such as the Explosives Act and Environment Act, as well as the Companies Act and the Labour Act. The Board reviews and monitors regularly the Group’s policies and practices on compliance with legal and regulatory requirements. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and senior management from time to time.

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”). To the best knowledge of the Directors, the Company has complied with the relevant laws and regulations during the year ended 31 December 2024.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Mingqing (高明清), aged 72, is our chairman, chief executive officer and executive Director. He has been the general manager and a director of Yifeng Wanguo and GRML since November 2003 and August 2020 respectively. Mr. Gao was appointed as our executive Director on 13 May 2011. Mr. Gao has over 26 years of experience in the mining industry. He is primarily responsible for our business strategies planning, management and supervision of overall operations including production, business development and financing and investment activities of our Group. In January 2012, Mr. Gao received a second class China Nonferrous Metals Industry Science and Technology Award from the China Nonferrous Metals Industry Association and the Nonferrous Metals Society of China in respect of the Integrated Technology for Complicated Hard-to-mine Heavy Water Deposits Safety Mining of the Xinzhuang Mine. Mr. Gao was recognised by the People's Government of Yichun Municipal as an Excellent Entrepreneur in 2007 and an Outstanding Individual in New Business Establishment in 2007, 2008 and 2010. Mr. Gao is also a director of Victor Soar Investments Limited, a substantial and controlling shareholder of the Company.

Ms. Gao Jinzhu (高金珠), aged 65, has been re-appointed as our executive Director on 21 November 2024. She was an executive Director from May 2011 to September 2021. She has been the deputy general manager and director of Yifeng Wanguo and a director of GRML since January 2004 and August 2020, respectively. Ms. Gao has approximately 24 years of experience in the mining industry. She is primarily responsible for the human resources management of our Group. Ms. Gao completed the Business Administration Advance Research Program of the School of Continuing Education, Tsinghua University in July 2009. Ms. Gao is also a director of Achieve Ample Investments Limited, a substantial shareholder of the Company. Ms. Gao is the mother of Mr. Wang Renxiang, an executive Director, and the wife of Mr. Wang Weimian, a substantial shareholder (as defined in Part XV of the SFO) of the Company.

Mr. Liu Zhichun (劉志純), aged 57, is an executive Director and a member of the remuneration committee (the “**Remuneration Committee**”) of the Board. He has been the deputy general manager of Yifeng Wanguo since he joined our Group in January 2008. Mr. Liu was appointed as an executive Director on 12 June 2012. He is primarily responsible for the marketing and sale of our products. Mr. Liu has approximately 25 years of experience in general marketing and sales of mining products. Prior to joining us in 2008, Mr. Liu worked in Hunan Province Chejiang Copper Mine from 1991 to 1997 where he last served as the deputy manager of the business department. Mr. Liu received a bachelor's degree in history from the Hunan University of Science and Technology, previously known as the Xiangtan Normal University, in June 1991.

Mr. Wang Renxiang (王任翔), aged 40, has been appointed as our executive Director on 30 September 2021. He has been acting as the deputy general manager of Wanguo Australia International Group Pty Limited (a wholly owned subsidiary of the Company) (“**Wanguo Australia**”) since September 2017 and a director and deputy general manager of GRML since August 2020. He is primarily responsible for the development and recommissioning of Gold Ridge Project. Prior to joining the Group, Mr. Wang was an analyst at the Treasury of Australian Government from February 2011 to July 2017. Mr. Wang has been awarded a Graduate Diploma in International Affairs from the Australian National University in July 2017. He graduated with a Master of Commerce with Honours in Finance from the University of Melbourne in December 2010 and a Bachelor of Finance from the Australian National University in July 2007. Mr. Wang is the son of Ms. Gao Jinzhu, an executive Director and a substantial shareholder of the Company, and Mr. Wang Weimian, a substantial shareholder (as defined in Part XV of the SFO) of the Company.

Biographical Information of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Hung (曾偉雄), aged 51, has been appointed as our independent non-executive Director and chairman of each of the audit committee (the “**Audit Committee**”) and nomination committee (the “**Nomination Committee**”) of the Board on 2 June 2022. Mr. Tsang held the financial management position of Full Wah International Group, who is responsible for operations in Hong Kong and Oceania between May 2015 and December 2023. Prior to that, he held a number of financial management role in companies listed on the Stock Exchange, including Prosper One International Holdings Company Limited (Stock Code: 1470) and South China Holdings Company Limited (Stock Code: 413). He was with Ernst & Young from December 2000 to May 2012, where he last held the position of senior manager. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor’s degree in social science and a master’s degree in philosophy in May 1995 and December 1998 respectively. He is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chi Ming Ming (王志明), aged 53, has been appointed as our independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee on 2 June 2022. He has over 23 years of experience in financial services and capital markets. Mr. Wong worked in Dao Heng Bank (currently known as DBS Bank) from August 1994 to September 2002 where he last served as manager in enterprise banking. He joined Guotai Junan Securities (Hong Kong) Limited as a credit manager in September 2002. Mr. Wong was promoted to the director of the Credit and Risk Management Department in Guotai Junan Securities (Hong Kong) Limited in August 2009. He was promoted to the position of executive director of the Equity Financing Department of Guotai Junan Securities (Hong Kong) Limited and held the position until his retirement in August 2017. Guotai Junan Securities (Hong Kong) Limited is a subsidiary of Guotai Junan International Holdings Limited, the shares of which are listed on the Stock Exchange (Stock Code: 1788). Mr. Wong graduated in November 1994 from Hong Kong Polytechnic University with a Bachelor of Arts (Hons) Degree in Textile and Clothing Marketing. Mr. Wong obtained a Diploma in Advanced Securities Markets Analysis held by The Stock Exchange of Hong Kong Limited and The Chinese University of Hong Kong in May 1999. Mr. Wong obtained a master’s degree in Corporate Finance and a master’s degree in Professional Accounting, both from The Hong Kong Polytechnic University in November 2003 and December 2007 respectively. Mr. Wong also obtained an Executive Master of Business Administration in November 2011 from The Chinese University of Hong Kong.

Mr. Wang Xin (王昕), aged 54, has been appointed as our independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee on 2 January 2020, 30 September 2021 and 2 June 2022 respectively. Mr. Wang was the chairman of Foshan Nanhai Antaike Trading Company Ltd (佛山市南海安泰科經貿有限公司), primarily involved in trading of non-ferrous metals from February 2019 to December 2021. He worked as a professor-level senior engineer in the China Nonferrous Metals Techno-Economic Research Institute, primarily involved in industry research, and serving as an assistant to the dean and vice president from July 1992 to August 2024. From December 2016 to June 2020, Mr. Wang was an independent director of Fujian Minfa Aluminum Co., Ltd, a company listed on Shenzhen Stock Exchange with stock code: 002578. Mr. Wang was the vice president of Indium and Bismuth Branch of China Nonferrous Metals Industry Association between November 2012 and November 2015. He also served as a director of the Second Session of the Aluminum Branch of the China Nonferrous Metals Industry Association from November 2012 to November 2015. Mr. Wang graduated from the Central South University of Technology in July 1992 with a bachelor’s degree in mining engineering.

Biographical Information of Directors and Senior Management

SENIOR MANAGEMENT

Mr. WONG Chi Wah (王志華), FCCA, HKICPA, aged 50, is our chief financial officer and company secretary. He was appointed as chief financial officer and company secretary in July 2011 and May 2012 respectively. Mr. Wong is responsible for the management of our Group's financial matters. He has approximately 26 years of experience in auditing and accounting fields. Prior to joining our Group, Mr. Wong was the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (stock code: 48, previously stock code: 8321), a company listed on the Stock Exchange from February 2010 to June 2011. He has been appointed as an independent non-executive director of China General Education Group Limited, a company listed on the Stock Exchange (stock code: 2175) since July 2022.

Mr. Wong received a bachelor's degree in accounting from the Hong Kong Polytechnic University in 1996. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 (formerly Appendix 14) to the Listing Rules. Throughout 2024, the Company had complied with all applicable code provisions of the CG Code, except for the deviation from code provisions C.2.1 and C.2.7 as described in the relevant paragraphs of this corporate governance report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules (the "**Model Code**"). Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2024 and up to the date of this annual report.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2024.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the date of this annual report (i.e., 19 March 2025) are as follows:

Executive Directors

Mr. Gao Mingqing (*Chairman and Chief Executive Officer*)

Ms. Gao Jinzhu (appointed on 21 November 2024)

Mr. Li Feilong (appointed on 6 August 2024 & resigned on 21 November 2024)

Mr. Liu Zhichun

Ms. Wang Nan (resigned on 21 November 2024)

Mr. Wang Renxiang

Independent non-executive Directors

Mr. Tsang Wai Hung

Mr. Wong Chi Ming Ming

Mr. Wang Xin

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the current Directors and the relationship among the members of the Board are set out in the "Biographical Information of Directors and Senior Management" on pages 32 to 34 of this annual report. Save as disclosed in this annual report, and to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationships among the members of the Board.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

During the year and as at 31 December 2024, the Board complied with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers all the independent non-executive Directors to be independent.

ROLES AND RESPONSIBILITIES OF THE DIRECTORS

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Supervision of the financial performance and risk management and internal control of the Group's business operations;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Review of remuneration of Directors; and
- Recommendation and declaration of any interim and final dividends.

The Board has delegated a schedule of responsibilities to the executive Directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (the “Committees”, each a “Committee”) for overseeing particular aspects of the Company's affairs. A copy of the current terms of reference of each Committee is available on the Investor Relations section of the Company's website. To comply with the Listing Rules, the terms of reference of each Committee are also available on the website of Hong Kong Exchanges and Clearing Limited (“HKEX”). The Board delegates its powers and authorities from time to time to the Committees in order to ensure operational efficiency and specific issues are being handled with relevant expertise. The Committees do not take action or make decision on behalf of the Board unless specifically mandated by prior Board authority to do so.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions of corporate governance. For the year ended 31 December 2024, the Board performed the functions of corporate governance as set out in code provision A.2.1 of the CG Code.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Gao Mingqing, in addition to his duties as the chairman of the Board (the “**Chairman**”), is also responsible for the strategic planning and overseeing all aspects of the Group’s operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision C.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group’s operations are clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

BOARD MEETINGS

The Company held eleven Board meetings during the year ended 31 December 2024, five of which were held for reviewing and approving the financial and operating performance, considering the overall strategies and policies of the Group as well as reviewing the implementation and effectiveness of the Board Diversity Policy (as defined below) and the availability of independent views and inputs to the Board and the remaining Board meetings were held for approving the corporate guarantee to subsidiaries, change of auditor, change of Company name, acquisition of 20.22% interest of AXF Gold Ridge Pty Limited, appointment of Mr. Li Feilong, subscription of new shares under general mandate, increase in authorised share capital of the Company, purchases of investments products from Morgan Stanley and JP Morgan, resignation of Ms. Wang Nan and Mr. Li Feilong and appointment of Ms. Gao Jinzhu, and proposed adoption of share awards scheme and share option scheme.

The following table shows the attendance record of each Director at the Board meetings and the annual general meeting held during the year ended 31 December 2024:

| Members | Attendance/Number of meetings | |
|--|-------------------------------|------------------------|
| | Board meeting | Annual general meeting |
| <i>Executive Directors</i> | | |
| Mr. Gao Mingqing | 15/15 | ✓ |
| Ms. Gao Jinzhu (appointed on 21 November 2024) | 1/1 | N/A |
| Mr. Li Feilong (appointed on 6 August 2024 and resigned on 21 November 2024) | 2/8 | N/A |
| Mr. Liu Zhichun | 12/15 | ✓ |
| Mr. Wang Renxiang | 13/15 | ✓ |
| Ms. Wang Nan (resigned on 21 November 2024) | 14/14 | ✓ |
| <i>Independent non-executive Directors</i> | | |
| Mr. Tsang Wai Hung | 15/15 | ✓ |
| Mr. Wong Chi Ming Ming | 15/15 | ✓ |
| Mr. Wang Xin | 15/15 | ✓ |

According to code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the year, the Chairman did not hold any meeting with the independent non-executive Directors without other Directors present. Nevertheless, from time to time, the independent non-executive Directors express their views directly to the Chairman via other means including correspondences and emails.

Corporate Governance Report

PRACTICES AND CONDUCT OF MEETINGS

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings to give all Directors an opportunity to attend. For other board meetings, reasonable notices have been given to all Directors.

The Directors will receive details of agenda and minutes of Committee/Board meetings in advance of and after each Committee/Board meeting respectively. The company secretary of the Company (the “**Company Secretary**”) will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with legal adviser of the Company, advising the Board on compliance matters. Moreover, the Company Secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or Director has a conflict of interest in a matter to be discussed by the Board which the Board considers material, such matter shall be considered at a Board meeting instead of resolved by written resolutions. Independent non-executive Directors who and whose close associate(s) have no material interest in the matter should be present at such a Board meeting.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

In accordance with code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant.

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.

Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate.

Relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. Directors are encouraged to attend relevant training courses at the Company’s expenses.

During the year ended 31 December 2024, all Directors have provided a record of their training to the Company Secretary. All Directors confirmed that they have read training materials provided by the Company in respect of corporate governance, updates of the Listing Rules and the Companies Ordinance.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS *(Continued)*

A summary of training received by the Directors for the year ended 31 December 2024 according to the records provided by the Directors is as follows:

| Name of the Directors | Reading on corporate governance, regulatory updates, development and other relevant topics |
|--|--|
| <i>Executive Directors</i> | |
| Mr. Gao Mingqing | ✓ |
| Ms. Gao Jinzhu (appointed on 21 November 2024) | ✓ |
| Mr. Li Feilong (appointed on 6 August 2024 and resigned on 21 November 2024) | N/A |
| Mr. Liu Zhichun | ✓ |
| Mr. Wang Renxiang | ✓ |
| Ms. Wang Nan (resigned on 21 November 2024) | N/A |
| <i>Independent non-executive Directors</i> | |
| Mr. Tsang Wai Hung | ✓ |
| Mr. Wong Chi Ming Ming | ✓ |
| Mr. Wang Xin | ✓ |

On 20 January 2025, each of Mr. Gao Mingqing, Ms. Gao Jinzhu, Mr. Liu Zhichun, Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin attended the training session relevant to the Directors' duties and responsibilities as well as the legal and regulatory updates organised by the Company with the legal adviser of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Every Director (including executive Directors and independent non-executive Directors) has been appointed for a term of three years with automatic renewal, subject to termination by either party giving the other at least one month's written notice and rotation and re-election requirement under the Listing Rules and the Articles.

The procedures and process of appointment, re-election and removal of the Directors have been set out in the Articles. The Nomination Committee is responsible for reviewing the Board's composition, developing and formulating relevant procedures for nomination and appointment or re-appointment of the Directors, monitoring appointment and succession planning of the Directors, and assessing independence of the independent non-executive Directors, as detailed below under the sub-section headed "Nomination Committee".

According to article 87 of the Articles, one-third of the Directors (or if their number is not a multiple of three, the number nearest to but no less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election.

Mr. Liu Zhichun, Mr. Wang Renxiang and Mr. Wong Chi Ming Ming will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

Pursuant to article 86(3) of the Articles, Ms. Gao Jinzhu was appointed by the Board as executive Director on 21 November 2024, shall retire from office at the AGM and, being eligible, offer herself for re-election.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS *(Continued)*

On 19 March 2025, the Board accepted the nomination from the Nomination Committee and recommended the retiring Directors to stand for re-election at the AGM.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged for appropriate insurance cover to protect Directors from possible legal action against them.

NOMINATION COMMITTEE

The Nomination Committee was established on 12 June 2012 with written terms of reference in compliance with the CG Code. The Nomination Committee is mainly responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and making recommendations on any proposed changes (if any) to the Board to complement the Company's corporate strategy; (ii) identifying and recommending individuals suitably qualified to become Board members and selecting or making recommendations to the Board on selection of individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board regarding appointment or re-appointment of Directors and succession planning for Directors.

As at the date of this annual report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin. Mr. Tsang Wai Hung has been appointed as the chairman of the Nomination Committee.

Board Diversity

The Nomination Committee has adopted a policy concerning diversity of Board members (the **"Board Diversity Policy"**), which is achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience of the Board members.

All appointments to the Board will be based on merits against the selection criteria, having due regard to the benefits of diversity on the Board as well as the Company's own business model and specific needs arising from time to time. The Board and the Nomination Committee will review the Board Diversity Policy and its effectiveness regularly, monitor its implementation by conducting review of the Board composition under diversified perspectives and discuss any need for changes with the Board and recommend changes to the Board Diversity Policy to the Board for its consideration and approval.

The Board currently has one female Director and has therefore achieved gender diversity in respect of the Board. We will strive to maintain our female representation. The female ratio in the workforce (including senior management) was approximately 14.3% in 2024. Due to the nature of mining business, the female ratio of the Group is relatively low compared with other industry.

Nomination Policy

On 29 March 2019, the Board has adopted a nomination policy (the **"Nomination Policy"**) to assist the Board in identifying suitably qualified candidates and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors as well as providing the selection criteria and procedures adopted for making recommendations by the Nomination Committee. A summary of the selection criteria and procedures for recommendation and selection of candidates for directorship is disclosed below.

Corporate Governance Report

NOMINATION COMMITTEE *(Continued)*

Nomination Policy *(Continued)*

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee shall consider, among others, the following factors:

- reputation for integrity;
- accomplishment, experience and reputation of the relevant business of the Group;
- time to be devoted and attention to the affairs of the Company;
- diversity of the Board in all aspects, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience;
- compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations.

Nomination Procedures

To nominate a candidate for the appointment and/or re-appointment of Directors, the procedures are as follows:

- The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members;
- Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company and for public disclosure of their personal data on any documents or relevant website in connection with their nomination or otherwise pursuant to applicable rules and regulatory requirements. Recommendation will then be made by the Nomination Committee upon review of the relevant documents for Board's consideration and approval. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;
- In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the candidates to stand for re-election at a general meeting;
- Please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website, for procedures for shareholders' nomination of any candidate for election as a Director; and
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Board will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Committee.

Corporate Governance Report

NOMINATION COMMITTEE *(Continued)*

During the year ended 31 December 2024, three meetings were held by the Nomination Committee to review and make recommendations to the Board on the re-appointment of each Director prior to that Director seeking for re-election at the following annual general meeting as well as reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and assessment of independence of independent non-executive Directors, appointment of Mr. Li Feilong and appointment of Ms. Gao Jinzhu. The recommendations were made in accordance with the objective criteria with due regard for the benefits of diversity as set out in the Board Diversity Policy and the Articles. The following table shows the number of attendance of each member at the meeting of the Nomination Committee held during the year:

| Members | Attendance |
|--|------------|
| Mr. Tsang Wai Hung (<i>Chairman</i>) | 3/3 |
| Mr. Wong Chi Ming Ming | 3/3 |
| Mr. Wang Xin | 3/3 |

On 17 December 2024, the Nomination Committee had recommended to the Board the re-appointment of Mr. Liu Zhichun, Mr. Wang Renxiang, Mr. Wong Chi Ming Ming and Ms. Gao Jinzhu for re-election at the forthcoming AGM. The Board had accepted the Nomination Committee's recommendation.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 June 2012 with written terms of reference in compliance with code provision E.1.2 of the CG Code in force during the year. The primary duties of the Remuneration Committee include developing remuneration policies of the Directors, evaluating the performance, making recommendations on the remuneration package of our Directors and senior management and evaluating and making recommendations on employee benefit arrangements. As at the date of this annual report, the Remuneration Committee comprises one executive Director, namely Mr. Liu Zhichun, and two independent non-executive Directors, namely Mr. Wong Chi Ming Ming and Mr. Wang Xin. Mr. Wong Chi Ming Ming has been appointed as the chairman of the Remuneration Committee.

During the year ended 31 December 2024, three meetings were held by the Remuneration Committee for reviewing, assessing and making recommendations to the Board on the remuneration packages of the Directors and senior management with reference to their performances for 2024, recommendation on remuneration package of newly appointed Directors, namely, Mr. Li Feilong and Ms. Gao Jinzhu. The following table shows the number of attendance of each member at the meetings of the Remuneration Committee held during the year:

| Members | Attendance |
|--|------------|
| Mr. Wong Chi Ming Ming (<i>Chairman</i>) | 3/3 |
| Mr. Liu Zhichun | 1/3 |
| Mr. Wang Xin | 3/3 |

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee was established on 12 June 2012 in compliance with Rule 3.21 of the Listing Rules, with written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code.

The primary duties of the Audit Committee are, among other things, to provide independent view of our financial reporting process, risk management and internal control systems, oversee the audit process and perform other duties and responsibilities as assigned by the Board. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming, and Mr. Wang Xin. Mr. Tsang Wai Hung has been appointed as the chairman of the Audit Committee.

During the year ended 31 December 2024, four meetings were held by the Audit Committee to discharge its responsibilities and to review the Group's annual and interim results, reporting and compliance procedures, the re-appointment of the external auditor, audit planning meeting with external auditor and review internal control report with external consultant. The following table shows the number of attendance of each member at the meetings of the Audit Committee held during the year:

| Members | Attendance |
|--|------------|
| Mr. Tsang Wai Hung (<i>Chairman</i>) | 4/4 |
| Mr. Wong Chi Ming Ming | 4/4 |
| Mr. Wang Xin | 4/4 |

The Audit Committee reviews the interim and annual reports respectively as well as the results announcements before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on ensuring compliance with accounting standards, the Listing Rules and the legal requirements in respect of the Company's interim and annual reports as well as the results announcements.

The Audit Committee is also responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by the Shareholders.

On 19 March 2025, the Group's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee, and it considered that the said annual results are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the total fee paid/payable to the Group's external auditor, Deloitte Touche Tohmatsu, in respect of annual audit services and non-audit services are set out below:

| | Fees paid/payable RMB'000 |
|-----------------------|------------------------------|
| <i>Audit services</i> | |
| Annual audit services | 2,033 |
| Non-audit services | 261 |
| Total | 2,294 |

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2024, which give a true and fair view of the financial position of the Group. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems has been designed to safeguard the assets of the Group, maintain proper accounting records, execute with appropriate authority and comply 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. They have carried out an annual review of the implemented systems and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The risk management and internal control systems are implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

For the year ended 31 December 2024, the Board considered that the Company's risk management and internal control systems are adequate and effective, and that save as disclosed in this report the Company has complied with the CG Code.

Main features of risk management and internal control systems

The Company has adopted a risk management policy which is applicable to the Group with objectives of:

- (i) determination of risk acceptable to the Group;
- (ii) identification and prioritisation of the risk arising from the Group's operating activities;
- (iii) placing of appropriate mitigation or treatment strategies to manage, transfer or avoid risks; and
- (iv) annual review of risks and relevant mitigation strategies for their appropriateness.

To help ensure all risks which are relevant to the Group are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe working environment for the Group's employees;
- safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Group complies with legal and regulatory obligations;
- achieving established objectives and goals;
- reliability and integrity of financial and operational information;
- compliance with internal policies and procedures; and
- changes in the Group's internal and external environments.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Main features of risk management and internal control systems *(Continued)*

Measures of consequence and likelihood have been determined and are used on a consistent basis. Risk assessment process consists of:

- (i) the Group's primary risk assessment process comprises a comprehensive annual risk review. This review involves a complete re-development and re-assessment of the risks to the Group. A team approach comprising senior management from all business units of the Group's operations is used in this assessment phase;
- (ii) the review is coordinated with the strategic planning cycle of the Group to ensure risk associated with all strategic business objectives and activities are considered;
- (iii) risks identified by each business unit who review their risk profiles annually, and results of internal audit work, are also incorporated into the review;
- (iv) the Group's senior management team measures the risks which have been identified and prioritises them in terms of their impact on the Group;
- (v) results of the annual review are documented, and include mitigation strategies where appropriate; and
- (vi) the Board and the Audit Committee perform annual review.

During 2024, the Company has appointed Infinity Concept Ripple Limited, an independent consultant, to take up the role of the Group's internal audit function, reviewing the effectiveness of the risk management and internal control systems as well as providing any recommendations for material defects to the Group.

The Group has also adopted an "Insider Information Dissemination" policy as follows:

- (i) all Directors and senior management have been advised to follow the policy;
- (ii) any potential insider information identified by any business units should be notified to the Company Secretary immediately. Such information should be kept confidential and to allow the Board or senior management for investigation and consultation with legal adviser;
- (iii) the Company Secretary will draft the appropriate announcements for the Board's approval and arrange for publication to the public as soon as practicable; and
- (iv) in case, the issue is complicated and requested more time to handle or has been known to the public, the Company Secretary will apply for a temporary suspension of trading from the Stock Exchange with the reasons on hand before issuing an appropriate and complete announcement.

WHISTLEBLOWING POLICY

On 15 March 2023, the Board has adopted a written whistleblowing policy with an aim to provide reporting channels and guidance on reporting possible improprieties in matters of financial reporting or other matters, and reassurance to persons reporting his or her concerns under this policy (the "Whistleblowers") of the protection that the Group will extend to them against unfair disciplinary action or victimisation for any genuine reports made. In general, the Whistleblowers can make their reports to the Chairman of the Audit Committee in writing by post in a sealed envelope clearly marked "To be opened by the addressee only" at our Hong Kong office or through email: wb@wgmine.com.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary has attended more than 15 hours of continuing professional development training arranged by several professional bodies during the year ended 31 December 2024.

DIVIDEND POLICY

On 29 March 2019, the Board has adopted a dividend policy with an aim to provide the Shareholders with stable and sustainable returns.

The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the Articles, an extraordinary general meeting shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition in aggregate one-tenth or more of the voting rights (on a one vote per share basis) in the share capital of the Company. Such members shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Regarding proposing a person for election as a Director, please refer to the procedures available on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Unit 1, 28/F., Singga Commercial Centre, 144-151 Connaught Road West, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include the publication of interim and annual reports, notices, announcements and circulars, the Company's website at www.wgmine.com and meetings with investors and analysts. The Group has adopted a written shareholders communication policy on 15 March 2022 with the objective of providing its Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company encourages all Shareholders to attend the annual general meetings to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its Shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from the Shareholders. The poll results are published on the websites of the Company and HKEX. News updates of the Group's business are also available on the Company's website. Shareholders and investors are welcome to give their views and make enquires to the Company's email box, info@wgmine.com.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, the Company has not made any changes to its memorandum and Articles.

Directors' Report

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the business of mining, ore processing and sale of the concentrates products and gold products in the PRC and Solomon Islands respectively. A review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 December 2024 and the material factors underlying its results and financial position are provided in the sections of "Chairman's Statement" and "Management Discussion and Analysis" respectively from pages 3 to 4 and pages 5 to 31 of this annual report. The outlook of the Company's business is discussed throughout this annual report.

An indication of likely future development in the Group's business is set out and included in the section headed "Business Review" from pages 8 to 9 and "Prospect" of "Management Discussion and Analysis", on page 30.

The Group's environmental policies and performance are set out and included in the "Environmental, Social and Governance Report" separately from this annual report and the "Environmental and Social Matters" set out in the paragraph 39 below. Compliance with relevant laws and regulations which have a significant impact on the Company is set out and included in the section headed "Compliance with the Relevant Laws and Regulations" of "Management Discussion and Analysis" on page 31 of this annual report.

An account of the Company's relationships with its key stakeholders (including substantial Shareholders, employees, suppliers and customers) is included in the "Investor relations and communication with Shareholders" set out in the "Corporate Governance Report", "Substantial Shareholders' and other parties' Interests in Securities" and "Emolument Policy" set out in paragraphs 24 and 19 respectively below. The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, customers and suppliers. During the year ended 31 December 2024, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

2. PRINCIPAL RISKS AND UNCERTAINTIES

(i) Accuracy of the mineral resources and reserves estimates of the Xin Zhuang Mine and Gold Ridge Mine are based on a number of assumptions and we may produce less mineral concentrates than our estimates

The mineral resources and reserves estimates of the Xin Zhuang Mine and Gold Ridge Mine are based on a number of assumptions that have been made by an independent technical expert in accordance with the JORC Code. Resources and reserves estimates involve expressions of judgement based on various factors such as knowledge, experience and industry practice, number of drilling and sampling of the ore body and analysis of the ore samples etc.

The Group has already completed additional exploration outside the planned mining area in the Xin Zhuang Mine within the boundary covered by the current mining license and a mineral resources verification report has been finished in April 2014 and obtained registration in December 2014 for the purpose of the application of increasing the mining capacity set forth in its mining license. Additional reserves discovered during the aforesaid exploration allows us to upgrade the mining capacity.

The Group has also performed additional exploration work in our exploration license permitted area in the Solomon Islands. The Group has published the results on 27 December 2024. The total mineral resources increased significantly from 72 million tonnes with 3.3 million ounce contained gold as at 31 December 2023 to 196 million tonnes with 7.3 million ounce contained gold as at 31 July 2024, representing an increase of 172.2% and 121.2% respectively. Subsequent to the completion of pit designs and production plan, relevant resources will then be converted to reserves and allow us to upgrade the mining capacity.

Directors' Report

2. PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

(ii) Risks of safety production

Although the Group maintains a high standard in safety production, the non-ferrous metal mining is still a hazardous industry and faces uncertainties caused by production environment, natural disaster and so on. Safety production is the top priority of the Group to achieve sustainable and stable development.

We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection.

(iii) Fluctuations in the commodity markets

Our profit is mainly generated from sales of concentrates and gold products we produce. The price we obtain for our concentrates is determined by the amount of copper, iron, zinc and other metals contained in the concentrates and the market prices for these metals and the same applies to our gold products as well. The market price of these metals has fluctuated widely and has experienced periods of significant decline. We have limited ability to anticipate and manage commodity price fluctuations.

The Group has considered the use of hedging products available in the market to reduce the effect of such fluctuations.

3. RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 64.

The state of affairs of the Group and of the Company at 31 December 2024 are set out in the consolidated statement of financial position on pages 65 to 66 and statement of financial position of the Company on page 134 respectively.

4. SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 32 to the consolidated financial statements.

5. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 41 to the consolidated financial statements.

6. SUMMARY OF FINANCIAL INFORMATION

A summary of financial results and of the assets and liabilities of the Group for the last five financial years are set out in the section headed "Summary of Financial Information" on page 136 in this report.

7. RESERVES

The movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during the year are set out in Note 43 to the consolidated financial statements.

8. DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company's reserves available for distribution to owners of the Company comprising share premium account add retained profits, and amounted to approximately RMB2,261.3 million (2023: RMB377.1 million).

Directors' Report

9. FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB14.5 cents (equivalent to approximately HK\$15.7 cents) per Share for the year ended 31 December 2024 (2023: RMB18.50 cents per Share) and a special dividend of RMB7.5 cents (equivalent to approximately HK\$8.1 cents) per Share for the year ended 31 December 2024 (2023: RMB Nil cents per Share), representing approximately 41.4% (2023: 45.7%) of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Friday, 20 June 2025. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB238.4 million (2023: RMB153.2 million). Subject to the approval of the payment of the final dividend and special dividend by the Shareholders at the AGM, it is expected that the proposed final dividend and special dividend will be paid on or before Thursday, 31 July 2025.

10. PROPERTY, PLANT, AND EQUIPMENT

Additions to the property, plant and equipment of the Group was approximately RMB175.7 million for the year ended 31 December 2024. Details of the movements during the year in the Group's property, plant and equipment are set out in Note 15 to the consolidated financial statements in this annual report.

11. DONATIONS

Donations made by the Group during the year ended 31 December 2024 amounted to approximately RMB1,527,000 (2023: RMB1,491,000).

12. MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers in aggregate accounted for approximately 90.3% (2023: 79.4%) of the total sales for the year ended 31 December 2024 and sales to the largest customer accounted for approximately 35.6% (2023: 29.3%) of the total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 66.5% (2023: 65.9%) of the total purchases for the year ended 31 December 2024 and purchases from the largest supplier accounted for approximately 22.1% (2023: 19.2%) of the total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had directly, or indirectly had any interest in the Group's five largest customers and suppliers during the year ended 31 December 2024.

13. MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the management and administration of the whole or any substantial part of any business of the Company during the year ended 31 December 2024.

Directors' Report

14. DIRECTORS

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

Executive Directors:

Mr. Gao Mingqing (*Chairman and Chief Executive Officer*)

Ms. Gao Jinzhu (appointed on 21 November 2024)

Mr. Li Feilong (appointed on 6 August 2024 and resigned on 21 November 2024)

Mr. Liu Zhichun

Ms. Wang Nan (resigned on 21 November 2024)

Mr. Wang Renxiang

Independent non-executive Directors:

Mr. Tsang Wai Hung

Mr. Wong Chi Ming Ming

Mr. Wang Xin

In accordance with article 87 of the Articles, all Directors are subject to retirement by rotation at least once every three years. Mr. Liu Zhichun, Mr. Wang Renxiang and Mr. Wong Chi Ming Ming will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

In accordance with article 86(3) of the Articles, Ms. Gao Jinzhu who was appointed by the Board as executive Director on 21 November 2024, shall retire from office at the AGM and, being eligible, offer herself for re-election.

15. BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical information of the current Directors and senior management of the Group are set out on pages 32 to 34 of this annual report.

16. DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes of Director's information have been properly disclosed in "Biographical information of the Directors and senior management" which set out on pages 32 to 34 of this annual report pursuant to the Rule 13.51B(1) of the Listing Rules.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Report

17. DIRECTORS' SERVICE AGREEMENTS AND LETTER OF APPOINTMENT

Each of the Directors has entered into a service agreement or letter of appointment with the Company for a term of three years which is renewable for subsequent periods of three years, unless terminated by at least one month's written notice served by either party at any time during the then existing term.

None of the Directors, including those proposed for re-election at the forthcoming AGM, has an unexpired service agreement which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

18. PERMITTED INDEMNITY PROVISION

The Company has arranged for an appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when this Directors' Report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

19. EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The emoluments of the Directors are reviewed by the Remuneration Committee and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Company's operating results and comparable market statistics.

The Company has adopted the 2024 Share Award Scheme and 2024 Share Option Scheme on 15 January 2025 to which the Directors, eligible employees and services providers are entitled to participate in. The Company operates the two schemes for the purpose of encouraging, retaining and attracting talents of significant importance to the future business development of the Group. Details of the schemes are set out in paragraphs 37 and 38 below.

20. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

According to the code provision E.1.5 of the CG Code, details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in Notes 11 and 12 to the consolidated financial statements.

21. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has presented an annual confirmation letter to confirm his independence. The Company has reviewed the independence of each of the independent non-executive Directors and considers all the independent non-executive Directors to be independent.

22. CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out on the Model Code. The Company, having made specific enquiries to all Directors, has confirmed that all the Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2024 and up to the date of this annual report.

The Company has also established the Employees Written Guidelines for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2024.

Directors' Report

23. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2024, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO as notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long positions in Shares

| Name of Directors | Capacity/nature of interest | Number of issued Shares held | Approximate percentage of shareholding in the Company |
|-------------------|---|------------------------------|---|
| Mr. Gao Mingqing | Interest in controlled corporation | 281,400,000 ⁽¹⁾ | 25.96% |
| Ms. Gao Jinzhu | Beneficial owner and interest in controlled corporation | 140,677,000 ⁽²⁾ | 12.98% |

Notes:

1. The 281,400,000 Shares were owned by Victor Soar Investments Limited which is wholly owned and controlled by Mr. Gao Mingqing.
2. 138,600,000 Shares were owned by Achieve Ample Investments Limited which is wholly owned and controlled by Ms. Gao Jinzhu. In addition, Ms. Gao Jinzhu owns 2,077,000 Shares as the beneficial owner.

Save as disclosed above, as at 31 December 2024, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Report

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 31 December 2024, the following persons, other than the Directors and chief executives of the Company, had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Long positions in Shares

| Name of shareholders | Capacity/nature of interest | Number of issued Shares held | Approximate percentage of shareholding in the Company |
|---|------------------------------------|------------------------------|---|
| Victor Soar Investments Limited ⁽¹⁾ | Beneficial owner | 281,400,000 ⁽¹⁾ | 25.96% |
| Ms. Lin Yinyin ⁽²⁾ | Interest of spouse | 281,400,000 ⁽²⁾ | 25.96% |
| Achieve Ample Investments Limited ⁽³⁾ | Beneficial owner | 138,600,000 ⁽³⁾ | 12.79% |
| Mr. Wang Weimian ⁽⁴⁾ | Interest of spouse | 140,677,000 ⁽⁴⁾ | 12.98% |
| Shandong Humon Mining Development Limited ⁽⁵⁾ | Beneficial owner | 172,814,000 | 15.94% |
| Shandong Humon Smelting Co., Ltd ⁽⁵⁾ | Interest in controlled corporation | 172,814,000 | 15.94% |
| Jiangxi Copper Company Limited ⁽⁵⁾ | Interest in controlled corporation | 172,814,000 | 15.94% |
| Jiangxi Copper Corporation Limited ⁽⁵⁾ | Interest in controlled corporation | 172,814,000 | 15.94% |
| Gold Mountains (H.K.) International Mining Company Limited ⁽⁶⁾ | Beneficial owner | 183,994,000 | 16.98% |
| Zijin Global Fund ⁽⁶⁾ | Beneficial owner | 6,418,000 | 0.59% |
| Zijin Mining Group Co., Ltd ⁽⁶⁾ | Interest in controlled corporation | 190,412,000 | 17.57% |
| Golden Crane Holdings Limited ⁽⁷⁾ | Beneficial owner | 72,154,986 | 6.66% |
| He Guangping | Interest in controlled corporation | 72,154,986 | 6.66% |

Notes:

- Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.
- Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 281,400,000 Shares held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.
- Achieve Ample Investments Limited is wholly owned and controlled by Ms. Gao Jinzhu.
- Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 138,600,000 Shares held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu. In addition, Ms. Gao Jinzhu owns 2,077,000 Shares as the beneficial owner.

Directors' Report

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

(Continued)

Long positions in Shares (Continued)

Notes: (Continued)

5. Shandong Humon Mining Development Limited is a wholly-owned subsidiary of Hong Kong Humon International Logistics Limited (香港恒邦國際物流有限公司), which in turn is wholly-owned by Shandong Humon Smelting Co., Ltd., a company listed on Shenzhen Stock Exchange with stock code: 002237.

Shandong Humon Smelting Co., Ltd is owned as to 44.48% by Jiangxi Copper Company Limited, a company listed on both Shanghai Stock Exchange and the Stock Exchange with stock code: 600362 and 358 respectively, which in turn is owned as to 43.72% by Jiangxi Copper Corporation Limited.

6. Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and the Stock Exchange (stock code: 2899) ("Zijin Mining"). Both Zijin Global Fund and Gold Mountains (H.K.) International Mining Company Limited are controlled by Zijin Mining.
7. Golden Crane Holdings Limited is wholly owned and controlled by Mr. He Guangping.

Other than as disclosed above, as at 31 December 2024, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

25. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor any connected entity of the Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which a controlling Shareholder of the Company, the Company or any of its subsidiaries or fellow subsidiaries was a party at any time during the year ended 31 December 2024.

26. CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling Shareholder or any of its subsidiaries of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2024.

27. CONNECTED TRANSACTION

Except for the Acquisition of 20.22% interest in AXF Gold Ridge Pty Ltd as summarised in pages 10 to 11 above, no connected transaction not falling under Rule 14A.76(1) of the Listing Rules was undertaken by the Group during the year ended 31 December 2024.

28. DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

Save as disclosed in paragraph 23 above, at no time during the year ended 31 December 2024 was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

29. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge information and belief of the Directors, the Directors confirm that the Company has maintained a sufficient public float under the Listing Rules throughout the year ended 31 December 2024 and as of 19 March 2025.

Directors' Report

30. COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling Shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group, either directly or indirectly, and any other conflict of interest which any such person has or may have with the Group for the year ended 31 December 2024.

As disclosed in the Prospectus, each of our controlling Shareholders (Mr. Gao Mingqing and Victor Soar Investments Limited) has entered into the deed of non-competition in favour of our Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses. Victor Soar Investments Limited owns less than 30% of shareholding in the Company.

The independent non-executive Directors have reviewed the status of compliance and are of the view that each of the controlling Shareholders of the Company has complied with its undertaking under the deed of non-competition for the year ended 31 December 2024.

31. RELATED PARTY TRANSACTIONS

During the year, except for those disclosed in note 36 to the consolidated financial statements, the Group had no transactions with its related parties. None of the related party transactions as disclosed in note 36 to the consolidated financial statements constituted connected transactions or continuing connected transactions under the Listing Rules.

32. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or treasury shares.

33. BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

34. RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 35 to the consolidated financial statements.

35. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

36. CORPORATE GOVERNANCE

A report on the corporate governance practice adopted by the Group is set out on pages 35 to 46 of this annual report.

37. SHARE AWARD SCHEME

The Company adopted the 2024 Share Award Scheme on 15 January 2025 (the "Adoption Date").

i. Purpose of the 2024 Share Award Scheme

The purposes of the 2024 Share Award Scheme are to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting awards to them as incentives or rewards; and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group. The 2024 Share Award Scheme shall strengthen the many long-term relationships that the eligible participants may have with the Group.

Directors' Report

37. SHARE AWARD SCHEME (Continued)

ii. Participants of the 2024 Share Award Scheme and basis of determining the eligibility of the participants

Eligible participants are (i) the employee participants (including the independent non-executive Directors); and (ii) the service providers (together, the “**Eligible Participants**”). In determining the basis of eligibility of each Eligible Participant, the Board will take into account (a) the experience and qualification of the Eligible Participant in relation to the Group’s business; (b) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee participant); (c) technical expertise (if the Eligible Participant is a service provider); (d) the level of responsibilities assumed; and (e) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

iii. Maximum number of Shares

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Award Scheme and other share schemes of the Company must not in aggregate exceed 108,328,720, representing 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue (excluding treasury shares, if any) as at 15 January 2025 (i.e. the Adoption Date) or the relevant date of approval of the refreshment of the scheme mandate limit, and being approximately 10% of the issued capital of the Company as at the date of annual report.

The scheme mandate limit and the service provider sublimit so refreshed shall not exceed 10% (or such other percentage as may be specified by the Stock Exchange from time to time) which is 108,382,720 Shares and 3% which is 32,514,816 Shares, respectively, of the total number of issued Shares (excluding treasury shares, if any) as at the date of such Shareholders’ approval of the refreshment of the scheme mandate limit.

iv. Maximum entitlement of each participant

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant award/options to any participant if the acceptance of those options/award would result in the total number of Shares issued and to be issued to that participant on exercise of his options during any 12-month period exceeding 1% of the total Shares then issue.

v. Amount payable on acceptable of Share award

A grantee may be required to make a payment in favour of the Company as consideration for the grant of the share award.

vi. Purchase price of Share award

The purchase price of the award Shares (if any) shall be such price as determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the award and the characteristics and profile of the selected participants.

vii. Vesting of awards

Subject to the Listing Rules, the Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the 2024 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested hereunder. The vesting date in respect of any award shall be not less than 12 months from the grant date, provided that for employee participants, the vesting date may be less than 12 months from the grant date (including on the grant date) in the following circumstances where:

- (a) grants of “make whole” awards to new joiners to replace share awards or options they forfeited when leaving their previous employers;

Directors' Report

37. SHARE AWARD SCHEME *(Continued)*

vii. Vesting of awards *(Continued)*

- (b) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the award would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months;
- (e) grants with a total vesting and holding period of more than twelve (12) months; or
- (f) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

viii. Duration

Subject to any early termination as may be determined by the Board or by resolutions of Shareholders in general meeting, the 2024 Share Award Scheme shall be valid and effective for (i) a term of ten (10) years commencing on the date on which the 2024 Share Award Scheme is adopted by the Company (after which no further awards will be granted); and (ii) thereafter for so long as there are any non-vested award Shares prior to the expiration of the 2024 Share Award Scheme.

38. SHARE OPTION SCHEME

The Company adopted the 2024 Share Option Scheme on 15 January 2025.

i. Purpose of 2024 Share Option Scheme

The purposes of the 2024 Share Option Scheme are to recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group, and to enable the Group to grant options to the Eligible Participants as incentives or rewards for their contributions to the Group with the view to achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

ii. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

The Eligible Participants of the 2024 Share Option Scheme to whom options may be granted by the Board shall include (i) the employee participants (including the independent non-executive Directors); and (ii) the service providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (a) the experience and qualification of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee participant); (c) technical expertise (if the Eligible Participant is a service provider); (d) the level of responsibilities assumed; and (e) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

Directors' Report

38. SHARE OPTION SCHEME (Continued)

iii. Maximum number of Shares

The total number of Shares which may be issued in respect of all options to be granted under the 2024 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company must not, in aggregate, exceed 10% which is 108,382,720 Shares as at the Adoption Date (i.e. 15 January 2025), being approximately 10% of the issued capital of the Company as at the date of annual report. The limit may be refreshed after 3 years after the last refreshment or the Adoption Date, provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of Shareholders' approval in general meeting.

iv. Maximum entitlement of each participant

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that participant on exercise of his options during 12-month period exceeding 1% of the total Shares then in issue.

v. Maximum period for which an option must be held before it can be exercised

Save in the circumstances prescribed in the paragraph below, an option must be held by the grantee for twenty-four (24) months before the option can be exercised.

Where the grantee is an employee participant who is a Director or senior management of the Company or where the grantee is an employee participant who is not a Director or senior management of the Company the Board shall have the authority to determine a shorter vesting period under any of the following circumstances:

- (a) grants of "make-whole" options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
- (b) grants to a grantee whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons. They may include options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the option would have been granted.

vi. Amount payable on acceptance of share option

A remittance/payment in favour of the Company of HK\$1.00 shall be payable by way of consideration for acceptance of the grant of share option(s).

vii. Subscription price

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the 2024 Share Option Scheme, be a price notified by the Board to each grantee and shall be at least the highest of:

- (a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and
- (c) the nominal value of a Share.

viii. Life of the 2024 Share Option Scheme

The 2024 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date (i.e. 15 January 2025), after which period no further options will be offered or granted but the provisions of the 2024 Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the 2024 Share Option Scheme.

Directors' Report

39. ENVIRONMENTAL AND SOCIAL MATTERS

As the mining industry has relatively high requirements on safety, our objective is to create a workplace without fatalities, injuries or occupational diseases. Our policies and procedures support our practice and we meet or exceed applicable laws and regulations in the PRC such as Environmental Protection Laws of PRC (中華人民共和國環境保護法) and Provisions on the Protection of the Geologic Environment of Mines (礦山地質環境保護規定), Production Safety Law of the PRC (中華人民共和國安全生產法), Law of the PRC on Safety in Mines (中華人民共和國礦山安全法), Mines and Minerals Act, and Laws of Solomon Islands 1996 Edition Chapter 74 Safety at work etc. We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. During the year ended 31 December 2024, there were no work-related fatalities. Lost days due to work injury were 333 days.

We also implemented policies or procedures for our key stakeholders, such as employees, customers and suppliers. Details are as following: regular and irregular trainings are provided to every staff in different levels for their personal development as well as health and safety awareness. We implemented policy to manage, assess and maintain the relationship with our key auxiliary materials suppliers to avoid any interruption during our production process. We have a quality control policy in place to ensure that the quality of our concentrates meets the standard for acceptance by our customers. We did not receive any material complaints due to quality problems of our products during the year ended 31 December 2024.

40. TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's Shares.

41. AUDITOR

Following the resignation of KTC Partners CPA Limited ("KTC") as the auditor of the Company on 19 June 2024, Deloitte Touche Tohmatsu Hong Kong ("Deloitte") was appointed as the auditor of the Company on the same day to fill the vacancy.

KTC was appointed as the auditor of the Company on 8 November 2022 while Crowe (HK) CPA Limited resigned on the same day to fill the vacancy.

Save as disclosed above, there were no other changes in the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by Deloitte. Deloitte will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM. A resolution to reappoint Deloitte as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Gao Mingqing

Chairman

Hong Kong, 19 March 2025

Independent Auditor's Report



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太古廣場一座35樓

Deloitte Touche Tohmatsu
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88 Queensway
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TO THE SHAREHOLDERS OF WANGUO GOLD GROUP LIMITED
(FORMERLY KNOWN AS WANGUO INTERNATIONAL MINING GROUP LIMITED)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wanguo Gold Group Limited (formerly known as Wanguo International Mining Group Limited, the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 64 to 135, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of the significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

KEY AUDIT MATTER *(Continued)*

Key audit matter

Impairment assessments of exploration and evaluation assets and other intangible assets of Xizang Changdu

We identified the impairment assessment of exploration and evaluation assets and other intangible assets in relation to the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by the subsidiary of the Company, Xizang Changdu County Dadi Mining Company Limited (“**Xizang Changdu**”) (collectively referred to as “**Xizang Changdu Related Assets**”) as a key audit matter as the significance of these balances to the consolidated financial statements as a whole, combined with the significant degree of judgment required by management of the Group in determining the recoverable amounts of these assets.

As disclosed in notes 18 and 19 to the consolidated financial statements, the carrying amounts of exploration and evaluation assets and other intangible assets in relation to the lead mine of Xizang Changdu as at 31 December 2024 amounted to RMB196,583,000 and RMB312,165,000 respectively. As the Xizang Changdu Related Assets are not yet available for use, they are subject to at least annual impairment assessment.

The Group engaged an independent valuer to determine the recoverable amount of the Xizang Changdu Related Assets.

For the purposes of determining the recoverable amount, the Xizang Changdu Related Assets are treated as a single cash-generating unit and its recoverable amount has been determined based on the fair value less costs of disposal, using income approach, in particular, multi-period excess earnings method was adopted. As disclosed in notes 4 and 19 to the consolidated financial statements, key assumptions used in the calculation include forecasted selling prices of metallic concentrates and the discount rate.

Based on the Group's assessment, no impairment loss has been recognised in profit or loss during the year ended 31 December 2024, details of which are set out in note 19.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessments of Xizang Changdu Related Assets included:

- Obtaining an understanding of the Group's process for impairment assessment including the process for developing the recoverable amount, including key assumptions and inputs underlying the valuation model;
- Evaluating the competence, capabilities and objectivity of the independent valuer;
- Identifying exceptions, if any, for further examination by comparing the forecasted selling prices to metal prices by referencing to the latest market selling price and other relevant market data;
- Involving our internal valuation expert to perform the following procedures:
 - evaluating the method used to calculate the recoverable amount; and
 - assessing the discount rate by benchmarking it against the discount rate of comparable entities.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 18 March 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

We communicate with 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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on this audit resulting in this independent auditor's report is Zhu Chen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|-------|-----------------|-----------------|
| Revenue | 5 | 1,875,561 | 1,315,217 |
| Cost of sales | | (878,568) | (695,980) |
| Gross profit | | 996,993 | 619,237 |
| Other income | 6 | 6,665 | 6,577 |
| Other gains and losses | 7 | 2,828 | (9,885) |
| Distribution and selling expenses | | (54,706) | (78,281) |
| Administrative expenses | | (133,772) | (103,354) |
| Finance costs | 8 | (12,255) | (12,645) |
| Profit before tax | | 805,753 | 421,649 |
| Income tax expense | 9 | (114,573) | (30,710) |
| Profit for the year | 10 | 691,180 | 390,939 |
| Other comprehensive (expense) income for the year | | | |
| – Exchange differences on translation from functional currency to presentation currency | | (4,146) | 2,728 |
| Total comprehensive income for the year | | 687,034 | 393,667 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 575,375 | 335,387 |
| Non-controlling interests | | 115,805 | 55,552 |
| | | 691,180 | 390,939 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 570,534 | 339,950 |
| Non-controlling interests | | 116,500 | 53,717 |
| | | 687,034 | 393,667 |
| Earnings per share | | | |
| Basic (RMB cents) | 13 | 65.7 | 40.5 |

Consolidated Statement of Financial Position

At 31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|-------|-----------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | 15 | 918,680 | 810,637 |
| Right-of-use assets | 16 | 54,621 | 56,195 |
| Mining rights | 17 | 212,974 | 251,338 |
| Exploration and evaluation assets | 18 | 237,657 | 224,748 |
| Other intangible asset | 19 | 312,165 | 312,165 |
| Intangible assets | | 3,298 | 3,510 |
| Deposit for purchase of property, plant and equipment | 24 | 4,973 | 7,123 |
| Deferred tax assets | 20 | 5,747 | 3,984 |
| Restricted bank balances | 21 | 6,274 | 8,344 |
| Other receivable | 24 | 20,830 | – |
| | | 1,777,219 | 1,678,044 |
| Current assets | | | |
| Inventories | 23 | 174,743 | 200,042 |
| Trade and other receivables | 24 | 331,095 | 287,411 |
| Financial assets at fair value through profit or loss (“FVTPL”) | 22 | 1,335,157 | – |
| Amount due from a related company | 25 | 3 | 3 |
| Amount due from a non-controlling shareholder | 25 | – | 24,242 |
| Bank balances and cash | | | |
| – cash and cash equivalents | 21 | 513,728 | 171,612 |
| – restricted bank balances | 21 | 3,258 | 249 |
| | | 2,357,984 | 683,559 |
| Current liabilities | | | |
| Trade and other payables | 26 | 156,082 | 159,592 |
| Contract liabilities | | 3,853 | 40,232 |
| Lease liabilities | | 761 | 808 |
| Amounts due to related parties | 27 | 655 | 5,304 |
| Consideration payable to a former non-controlling shareholder of a subsidiary | 28 | 57,936 | 57,936 |
| Tax payable | | 91,164 | 28,289 |
| Bank borrowings | 29 | 183,062 | 201,937 |
| | | 493,513 | 494,098 |
| Net current assets | | 1,864,471 | 189,461 |
| Total assets less current liabilities | | 3,641,690 | 1,867,505 |

Consolidated Statement of Financial Position

At 31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|--|-------|------------------|-----------------|
| Non-current liabilities | | | |
| Bank borrowings | 29 | 77,600 | — |
| Lease liabilities | | 2,283 | 2,303 |
| Deferred income | 30 | 4,010 | 5,170 |
| Deferred tax liabilities | 20 | 89,391 | 90,506 |
| Provisions for restoration costs | 31 | 15,085 | 9,060 |
| | | 188,369 | 107,039 |
| Capital and reserves | | | |
| Share capital | 32 | 91,223 | 67,881 |
| Reserves | | 3,043,355 | 1,337,734 |
| Equity attributable to owners of the Company | | 3,134,578 | 1,405,615 |
| Non-controlling interests | | 318,743 | 354,851 |
| Total equity | | 3,453,321 | 1,760,466 |
| | | 3,641,690 | 1,867,505 |

The consolidated financial statements on pages 64 to 135 were approved and authorised for issue by the board of directors on 19 March 2025 and are signed on its behalf by:

Gao Mingqing
DIRECTOR

Gao Jinzhu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | Non-controlling interests RMB'000 | Total RMB'000 |
|---|---------------------------------------|--------------------------|--------------------------|--|---|---------------------------------|-----------------------------|----------------------|--------------------------------------|------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Other reserve RMB'000 | Capital reserve RMB'000 (note a) | Statutory and surplus reserves RMB'000 (note b) | Translation reserves RMB'000 | Retained profits RMB'000 | Sub-total RMB'000 | | |
| At 1 January 2023 | 67,881 | 272,714 | – | 71,005 | 152,844 | (18,952) | 602,973 | 1,148,465 | 301,134 | 1,449,599 |
| Profit for the year | – | – | – | – | – | – | 335,387 | 335,387 | 55,552 | 390,939 |
| Other comprehensive income (expense) for the year | – | – | – | – | – | 4,563 | – | 4,563 | (1,835) | 2,728 |
| Total comprehensive income for the year | – | – | – | – | – | 4,563 | 335,387 | 339,950 | 53,717 | 393,667 |
| Dividend recognised as distribution (note 14) | – | (82,800) | – | – | – | – | – | (82,800) | – | (82,800) |
| At 31 December 2023 | 67,881 | 189,914 | – | 71,005 | 152,844 | (14,389) | 938,360 | 1,405,615 | 354,851 | 1,760,466 |
| Profit for the year | – | – | – | – | – | – | 575,375 | 575,375 | 115,805 | 691,180 |
| Other comprehensive (expense) income for the year | – | – | – | – | – | (4,841) | – | (4,841) | 695 | (4,146) |
| Total comprehensive (expense) income for the year | – | – | – | – | – | (4,841) | 575,375 | 570,534 | 116,500 | 687,034 |
| Dividend recognised as distribution | – | (243,847) | – | – | – | – | – | (243,847) | (12,397) | (256,244) |
| Issue of shares (note d) | 15,152 | 1,247,043 | – | – | – | – | – | 1,262,195 | – | 1,262,195 |
| Transaction costs attributable to issue of shares | – | (130) | – | – | – | – | – | (130) | – | (130) |
| Acquisition of non-controlling interests (note c) | 8,190 | 728,060 | (596,039) | – | – | – | – | 140,211 | (140,211) | – |
| At 31 December 2024 | 91,223 | 1,921,040 | (596,039) | 71,005 | 152,844 | (19,230) | 1,513,735 | 3,134,578 | 318,743 | 3,453,321 |

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Notes:

- (a) The capital reserve mainly represents contributions from an equity participant in 2011, which is an amount originally due to an equity participation being released and accounted for as a shareholder's contribution, in accordance with a deed of assignment signed in December 2011.
- (b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital.

The surplus reserve represents further appropriation out of the retained profits of the subsidiaries established in the PRC for any amount approved by its board of directors after the appropriation to the statutory reserve.

- (c) On 9 August 2024, the Company entered into a sale and purchase agreement with Golden Crane Holdings Limited ("**Golden Crane**") and Prominence Investment Holding Limited ("**Prominence Investment**") (collectively referred as "**Vendors**"), pursuant to which, the Company has conditionally agreed to acquire and Golden Crane and Prominence Investment have conditionally agreed to sell 2,022 shares, in aggregate, of the Company's subsidiary, AXF Gold Ridge Pty Ltd ("**AXF Gold Ridge**"), representing 20.22% share capital of AXF Gold Ridge, at a consideration of approximately HK\$732.6 million (approximately RMB656.8 million), which will be settled by the allotment and issue of 90,227,200 new shares of the Company to the Vendors at the price of HK\$8.12 per new share.

The completion of the aforesaid acquisition took place on 9 October 2024. Upon completion, the Group holds 98% share capital of AXF Gold Ridge and results in its attributable interest of one of its subsidiaries, Gold Ridge Mining Limited ("**GRML**"), to approximately 88.2%. An amount of RMB 140,211,000 (being the proportional share of the carrying amounts of the net assets of AXF Gold Ridge) has been derecognised from the non-controlling interest. The difference of RMB596,039,000 between the decrease in the non-controlling interests and the fair value of the shares of the Company issued at the completion date amounting to HK\$811,143,000 (approximately RMB736,250,000) has been debited to the other reserve. The acquisition led to increases in share capital by HK\$9,023,000 (RMB8,190,000) and share premium of HK\$802,120,000 (approximately RMB728,060,000).

- (d) On 22 September 2024, the Company entered into a subscription agreement with Gold Mountains (H.K.) International Mining Company Limited (the "**Subscriber**"), a company incorporated in Hong Kong, being a wholly-owned subsidiary of Zijin Mining Group Co., Ltd., pursuant to which, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 165,600,000 shares at the price of HK\$8.33 per new share.

On 1 November 2024, 165,600,000 shares, representing approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the shares, have been allotted and issued to the Subscriber at the cash consideration of HK\$1,379,448,000 (approximately RMB1,262,195,000). The issuance of shares resulted in increases in share capital by HK\$16,560,000 (approximately RMB15,152,000) and share premium of HK\$1,362,888,000 (approximately RMB1,247,043,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | 2024 RMB'000 | 2023 RMB'000 |
|---|--------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit before tax | 805,753 | 421,649 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 72,715 | 64,993 |
| Depreciation of right-of-use assets | 2,321 | 2,288 |
| Amortisation of mining rights | 22,262 | 29,516 |
| Provisions for restoration cost | 6,025 | 915 |
| Finance costs | 12,255 | 12,645 |
| Interest income | (5,086) | (3,792) |
| Gain from changes in financial assets at FVTPL | (4,184) | – |
| Amortisation of intangible assets | 212 | 213 |
| Loss on disposal of property, plant and equipment | 1,961 | 823 |
| Release of deferred income | (1,160) | (1,161) |
| Gain on termination of lease agreement | (13) | – |
| Exchange (gain) loss | (605) | 8,890 |
| Operating cash flows before movements in working capital | 912,456 | 536,979 |
| Decrease (increase) in inventories | 25,299 | (34,763) |
| Increase in trade and other receivables | (10,430) | (124,623) |
| Increase in trade and other payables | 6,913 | 22,818 |
| Decrease in contract liabilities | (36,379) | (22,170) |
| Cash generated from operations | 897,859 | 378,241 |
| Income taxes paid | (54,575) | (28,243) |
| NET CASH FROM OPERATING ACTIVITIES | 843,284 | 349,998 |
| INVESTING ACTIVITIES | | |
| Payments of capital expenditure for property, plant and equipment | (183,809) | (134,401) |
| Payment for evaluation and exploration assets | (15,249) | (23,338) |
| Origination of loan receivable | (29,842) | – |
| Payment for financial assets at FVTPL | (1,484,613) | – |
| Proceeds from disposal of financial assets at FVTPL | 153,640 | – |
| Interest received | 5,086 | 3,792 |
| Placement of restricted bank balances | (939) | (5,112) |
| NET CASH USED IN INVESTING ACTIVITIES | (1,555,726) | (159,059) |

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 310,000 | 200,000 |
| Repayment of borrowings | (251,318) | (187,542) |
| Dividend paid | (251,984) | (82,800) |
| Interest paid | (11,897) | (17,502) |
| Repayment of lease liabilities | (1,213) | (1,166) |
| Repayment to related parties | (13,329) | (12) |
| Advance from related parties | 8,565 | 1,367 |
| Proceeds from issue of new shares | 1,262,195 | – |
| Transaction cost of issue of new shares | (130) | – |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 1,050,889 | (87,655) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 338,447 | 103,284 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 171,612 | 67,941 |
| Effect of foreign exchange rate changes | 3,669 | 387 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents | 513,728 | 171,612 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

Wanguo Gold Group Limited (formerly known as Wanguo International Mining Group Limited) (the “**Company**” and together with its subsidiaries, the “**Group**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are (i) Jiangxi Province Yifeng Wanguo Mining Company Ltd (“**Yifeng Wanguo**”), located in Jiangxi Province, the PRC, which is engaged in mining and processing of ores and sales of processed concentrates in the PRC, and (ii) GRML, located in the Solomon Islands, which is engaged in exploration, mining and processing of mineral resources, and sales of processed gold concentrates and gold doré in the Solomon Islands. Details of the Company’s principal subsidiaries are set out in note 41.

As at 31 December 2024, Victor Soar Investments Limited, a company incorporated in the British Virgin Islands, wholly owned and controlled by Mr. Gao Mingqing who is the chairman and executive director of the Company, held approximately 25.96% of the issued shares of the Company, being the single largest shareholder of the Company.

Following the special resolution in relation to the proposed change of the company’s name by the shareholders at the Extraordinary General Meeting (“**EGM**”) convened on 6 August 2024, the proposed change of company name has taken effect. The English name of the Company has been changed from “Wanguo International Mining Group Limited” to “Wanguo Gold Group Limited”, and the Chinese name of “萬國黃金集團有限公司” has also been adopted.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of Hong Kong dollars (“**HK\$**”). The consolidated financial statements are presented in RMB, as the operation of one of the Group’s principal subsidiaries is principally conducted in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|------------------------------------|--|
| Amendments to HKAS 9 and HKAS 7 | Amendments to the Classification and Measurement of Financial Instruments ³ |
| Amendments to HKAS 9 and HKAS 7 | Contracts Referencing Nature- dependent Electricity ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRS Accounting Standards – Volume 11 ³ |
| Amendments to HKAS 21 | Lack of Exchangeability ² |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ⁴ |

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (“**Listing Rules**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”).

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Lease" at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in HK\$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress represents buildings and mining structures in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects, if the amount of capital expenditures and the time involved to complete the construction are significant. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for a property interest which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Mining rights

Mining rights with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total production volume after taking into consideration the total probable and proven reserves of the ore mines within the terms of the respective licences.

Exploration and evaluation assets

All costs directly associated with exploration and evaluation are initially capitalised. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss. Exploration and evaluation assets are those expenditures for an area where technical feasibility and commercial viability has not been determined. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine.

Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified to intangible assets or property, plant and equipment. These assets are assessed for impairment annually and before reclassification.

Exploration and evaluation assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss, reclassified to intangible assets or property, plant and equipment and assessed for impairment on the same basis as the costs directly associated with exploration and evaluation incurred by the Group.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 “Impairment of Assets” whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Other intangible asset

Other intangible asset acquired in a business combination is recognised initially at its fair value at the acquisition date (which is regarded as the cost). Other intangible asset not yet available for use is carried at cost less any subsequent accumulated impairment losses.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property, plant and equipment, right-of-use assets, mining rights and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, mining rights and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, mining rights and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal (“FVLCD”) and value in use (“VIU”). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its FVLCD (if measurable), its VIU (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the Group's restoration costs are based on estimates of required expenditure at the mines in accordance with the rules and regulations in the PRC and in the Solomon Islands. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contract with Customer".

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amount due from a related company/a non-controlling shareholder, bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively with similar credit risk characteristics based primarily on the debtors' aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity *(Continued)*

Financial liabilities at amortised cost

The Group's financial liabilities, including trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Impairment assessment of exploration and evaluation assets and other intangible asset of Xizang Changdu County Dadi Mining Company Limited ("Xizang Changdu")

The carrying values of the exploration and evaluation assets and other intangible asset in relation to the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by the subsidiary of the Company, Xizang Changdu (collectively referred to as "**Xizang Changdu Related Assets**"), amounted to approximately RMB196,583,000 (2023: RMB194,308,000) and RMB312,165,000 (2023: RMB312,165,000) respectively as at 31 December 2024. Management's assessment of the recoverable amount of Xizang Changdu Related Assets as a single cash-generating unit ("CGU") is described in note 19.

For the purposes of determining the recoverable amount, the Xizang Changdu Related Assets are treated as a single CGU and its recoverable amount has been determined based on FVLCD calculation, using income approach, in particular, multi-period excess earnings method was adopted. The FVLCD has been determined taking into account the appropriate discount rate. Key assumptions applied in the FVLCD calculation include forecasted selling prices of metallic concentrates and the discount rate. Changing the assumptions and estimates, including forecasted selling prices of metallic concentrates or the discount rate in the cash flow projections, could materially affect recoverable amount of CGU.

No impairment loss in respect of exploration and evaluation assets and other intangible assets of Xizang Changdu has been recognised in profit or loss during the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated useful lives of property, plant and equipment

Other than construction in progress, the Group depreciates its property, plant and equipment using straight-line method over their estimated useful lives of 3 to 30 years (note 15). The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these property, plant and equipment.

It is possible that the estimates made based on existing experience are different to the actual outcomes within next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment. As at 31 December 2024, other than construction in progress, the carrying amount of property, plant and equipment was approximately RMB701,012,000 (2023: RMB705,051,000).

Provision of ECL for trade receivables

The Group uses probability of default model to calculate ECL for the trade receivables. The provision rates are based on aging of trade receivables as groupings of various debtors that have similar loss patterns taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the provision rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The assessment of the provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 24(a) and 38(b).

Provisions for restoration costs

The provisions for restoration costs have been determined by the management of the Group based on their best estimates. The directors estimated the liabilities for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows required to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at discount rates that reflect current market assessments of the time value of money and the risks specific to the liabilities, such that the provisions reflect the present value of the expenditures expected to be required to settle the obligation. However, the estimate of the associated expenditures may be subject to change due to new government environmental policy in the future. The provisions are reviewed regularly to ensure that they properly reflect the present value of the obligation arising from the mining activities. As at 31 December 2024, the carrying amount of provisions for restoration costs was approximately RMB15,085,000 (2023: RMB9,060,000).

5. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

In 2023, as a result of the commencement of commercial operations of the gold mine in the Solomon Islands, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable and operating segments, such that the Group has identified two reportable and operating segments: (i) processing and sale of metal concentrates in Yifeng Wanguo (the "Yifeng Project" Segment) and (ii) processing and sale of processed gold concentrates and gold doré in the Solomon Islands (the "Solomon Project" Segment). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportable segments of the Group.

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For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group mainly operates in, and all revenue is generated from, the PRC and the Solomon Islands. The Group's principal non-current assets are located in the PRC and the Solomon Islands.

(i) Revenue from contract with customers within the scope of HKFRS 15

Revenue represents revenue arising from sales of processed concentrates of various metals, sales of gold doré and trading of metal concentrates. All revenue of the Group is recognised on a point in time basis, when the customers obtain control of the goods. An analysis of the Group's revenue from its major products for the reporting period is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Disaggregation of revenue from contracts with customers | | |
| <i>By types of major products</i> | | |
| – Gold doré | 667,707 | 385,799 |
| – Gold concentrates | 520,221 | 272,517 |
| – Copper concentrates | 284,386 | 268,416 |
| – Zinc concentrates | 110,855 | 105,715 |
| – Sulfur concentrates | 68,190 | 38,998 |
| – Iron concentrates | 48,823 | 58,111 |
| – Gold in lead concentrates | 52,978 | 68,509 |
| – Gold in copper concentrates | 32,961 | 31,959 |
| – Silver in copper concentrates | 23,478 | 23,718 |
| – Silver in lead concentrates | 24,209 | 29,731 |
| – Sulfur and iron concentrates | 24,042 | 13,509 |
| – Lead in lead concentrates | 11,089 | 13,506 |
| – Copper in lead concentrates | 5,183 | 3,658 |
| – Gold in zinc concentrates | 1,426 | 602 |
| – Silver in zinc concentrates | 13 | 58 |
| – Zinc in lead concentrates | – | 411 |
| | 1,875,561 | 1,315,217 |
| <i>By revenue source</i> | | |
| – Own-mined products | 1,827,430 | 1,230,872 |
| – Sourced outside | | |
| – Copper concentrates | 37,587 | 69,774 |
| – Gold in copper concentrates | 8,021 | 9,938 |
| – Silver in copper concentrates | 2,523 | 4,633 |
| | 48,131 | 84,345 |
| | 1,875,561 | 1,315,217 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Revenue from contract with customers within the scope of HKFRS 15 *(Continued)*

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of processed concentrates of various metals and own-mined gold doré

The Group's sales of processed concentrates of various metals and gold doré sourced from the Group's own mines is recognised as revenue when control of the goods has been transferred. For sales of processed concentrates of various metals, revenue is recognised when the goods have been shipped to the customers' specific locations (delivery) or when they are collected by customers at the Group's ore processing plant at their choices. For sales of gold doré, revenue is recognised when the Group and its customer agree on the quantity based on the assay result and confirm the sale price with reference to spot gold price for the purchased goods, being when the control of the goods are passed to its customer. The payment terms and credit terms (if any) are set out in note 24. A contract liability is recognised for sales receipts in advance which revenue has yet been recognised. In each transaction, a sample of the ore concentrates is inspected by the Group prior to delivery or collection to determine the mineral content to be adopted as the basis of calculation of transaction price. The directors of the Company consider that in general the mineral content and grades of the Group's concentrates products meet the customers' requirements after the goods have passed the inspections.

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Historical experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return has been recognised. The validity of this assumption and estimate is reassessed at each reporting date.

Revenue from trading of metal concentrates sourced outside

Revenue from trading of metal concentrates sourced outside is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and the price to sell the goods, therefore, has the primary responsibility for the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for own-mined gold doré, processed concentrates and trading of metal concentrates sourced outside, with an original expected duration of one year or less. Accordingly, the information about revenue to which the Group will be entitled upon satisfying the remaining performance obligations at the reporting date under those contracts is not disclosed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

| | Yifeng Project RMB'000 | Solomon Project RMB'000 | Total RMB'000 |
|---|---------------------------|----------------------------|------------------|
| For the year ended 31 December 2024 | | | |
| Segment revenue | 687,633 | 1,187,928 | 1,875,561 |
| Segment profit | 257,518 | 556,073 | 813,591 |
| Unallocated administrative expense | | | (17,323) |
| Unallocated other income, other gains and losses | | | 9,899 |
| Unallocated finance cost | | | (414) |
| Profit before tax | | | 805,753 |
| For the year ended 31 December 2023 | | | |
| Segment revenue | 656,901 | 658,316 | 1,315,217 |
| Segment profit | 221,624 | 210,841 | 432,465 |
| Unallocated administrative expense | | | (10,491) |
| Unallocated other income, other gains and losses | | | 139 |
| Unallocated finance cost | | | (464) |
| Profit before tax | | | 421,649 |

Note: There was no inter-segment revenue for the years ended 31 December 2024 and 2023.

Segment profit represents the profit earned by each segment without allocation of certain administrative expenses, unallocated other income, other gains and losses, certain finance costs. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Segment information (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Yifeng Project | 561,781 | 723,999 |
| Solomon Project | 1,192,108 | 916,495 |
| Total segment assets | 1,753,889 | 1,640,494 |
| Assets not allocated to segments: | | |
| Property, plant and equipment | 10,217 | 6,221 |
| Right-of-use assets | 2,772 | 2,963 |
| Other intangible assets | 312,165 | 312,165 |
| Exploration and evaluation assets | 196,583 | 194,308 |
| Other receivables, deposit and prepayments | 1,160 | 25,247 |
| Financial assets at FVTPL | 1,335,157 | — |
| Restricted bank balances | 9,532 | 8,593 |
| Cash and cash equivalents | 513,728 | 171,612 |
| Consolidated total assets | 4,135,203 | 2,361,603 |

Segment liabilities

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Yifeng Project | 412,247 | 392,441 |
| Solomon Project | 163,724 | 99,308 |
| Total segment liabilities | 575,971 | 491,749 |
| Liabilities not allocated to segments: | | |
| Accrued expenses and other payables | 7,049 | 8,480 |
| Amount due to related parties | 655 | 5,304 |
| Lease liabilities | 3,044 | 3,111 |
| Bank borrowings | 1,512 | 1,987 |
| Deferred tax liabilities | 89,391 | 90,506 |
| Dividend payable | 4,260 | — |
| Consolidated total liabilities | 681,882 | 601,137 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Segment information (Continued)

(b) Segment assets and liabilities (Continued)

These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

Segment assets represent certain property, plant and equipment, certain right-of-use assets, intangible assets, deposits for purchase of property, plant and equipment, inventories, trade receivables, amount due from a related company, mining rights, certain exploration and evaluation assets, certain other receivables and deferred tax assets which are directly attributable to the relevant operating and reportable segments.

Segment liabilities represent trade and other payables, contract liabilities, deferred income, provisions for restoration costs, tax payable, certain bank borrowings and consideration payable to a former non-controlling shareholder of a subsidiary which are directly attributable to the relevant operating and reportable segments.

(c) Other segment information

| | Yifeng Project RMB'000 | Solomon Project RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|------------------------------|-------------------------------|-----------------------------|------------------------|------------------|
| 2024 | | | | | |
| Amounts included in the measurement of segment profit and segment assets: | | | | | |
| Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets | 10,421 | 173,520 | 183,941 | 8,173 | 192,114 |
| Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets | 47,218 | 48,659 | 95,877 | 1,633 | 97,510 |
| Finance cost | 11,841 | – | 11,841 | 414 | 12,255 |
| Amounts regularly provided to the CODM but not included in the measure of segment profit or loss: | | | | | |
| Taxation | 43,255 | 60,568 | 103,823 | 10,750 | 114,573 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Segment information (Continued)

(c) Other segment information (Continued)

| | Yifeng Project RMB'000 | Solomon Project RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|------------------------------|-------------------------------|-----------------------------|------------------------|------------------|
| 2023 | | | | | |
| Amounts included in the measurement of segment profit and segment assets: | | | | | |
| Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets | 13,115 | 160,918 | 174,033 | 6,799 | 180,832 |
| Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets | 46,600 | 49,069 | 95,669 | 1,341 | 97,010 |
| Finance cost | 10,264 | 1,917 | 12,181 | 464 | 12,645 |
| Amounts regularly provided to the CODM but not included in the measure of segment profit or loss: | | | | | |
| Taxation | 22,710 | – | 22,710 | 8,000 | 30,710 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(d) Geographical information

The Group's operations are located on the PRC and the Solomon Islands. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

| | Revenue from external customers | | Non-current assets* | |
|---------------------|------------------------------------|-----------------|---------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 |
| The PRC | 687,633 | 656,901 | 963,868 | 995,088 |
| The Solomon Islands | 1,187,928 | 658,316 | 767,510 | 661,473 |
| Australia | — | — | 5,986 | 2,509 |
| Hong Kong | — | — | 7,004 | 6,646 |
| | 1,875,561 | 1,315,217 | 1,744,368 | 1,665,716 |

* Non-current assets excluded deferred tax assets, other receivable and restricted bank balance.

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------------------|------------------|------------------|
| Customer A ¹ | 667,707 | 385,799 |
| Customer B ² | 520,221 | 272,517 |
| Customer C ³ | 228,191 | N/A ⁴ |
| Customer D ⁵ | N/A ⁴ | 154,124 |

¹ Revenue for sales of gold doré

² Revenue for sales of gold concentrates

³ Revenue for sales of copper concentrates, gold and silver in copper concentrates

⁴ The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year

⁵ Revenue from sales of copper concentrates, gold and silver in copper concentrates and sulfur concentrates

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. OTHER INCOME

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------------------|-----------------|-----------------|
| Interest income: | | |
| – Bank deposit | 3,040 | 3,792 |
| – Financial assets at FVTPL | 2,046 | – |
| Government grants: | | |
| – Related to assets (note) | 1,160 | 1,161 |
| – Others | 243 | 1,438 |
| Others | 176 | 186 |
| | 6,665 | 6,577 |

Note:

Amount represents the government grants granted by the local authority in the PRC to Yifeng Wanguo for mining technology improvement and is released to profit or loss over the expected useful lives of the relevant assets resulting from the mining technology improvement (note 30).

7. OTHER GAINS AND LOSSES

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Gain from changes in fair value of financial assets at FVTPL | 4,184 | – |
| Net foreign exchange gain (loss) | 605 | (8,890) |
| Loss on disposal of property, plant and equipment | (1,961) | (823) |
| Other losses | – | (172) |
| | 2,828 | (9,885) |

8. FINANCE COSTS

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Interests on bank borrowings | 11,897 | 10,333 |
| Interests on contract liabilities | – | 1,917 |
| Interests on lease liabilities | 358 | 393 |
| Interests on bank overdraft | – | 2 |
| | 12,255 | 12,645 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. INCOME TAX EXPENSE

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Current tax: | | |
| PRC Enterprise Income Tax ("EIT") | 35,514 | 29,614 |
| Solomon Islands Enterprise Income Tax ("Solomon Islands EIT") | 62,335 | – |
| Withholding Tax | 11,865 | 4,360 |
| Under (over) provision in prior years: | | |
| EIT | 7,737 | (6,850) |
| | 117,451 | 27,124 |
| Deferred tax (note 20) | (2,878) | 3,586 |
| | 114,573 | 30,710 |

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits subject to Hong Kong Profits Tax during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the subsidiaries established in the PRC was 25% for both years, except for one subsidiary Yifeng Wanguo.

Yifeng Wanguo was entitled to a preferential EIT rate of 15% from 2021 to 2023, as it satisfied the conditions of high and new technology enterprises with the Certificate of High and New Technology Enterprises. It renewed the Certificate of High and New Technology Enterprises in 2024 therefore its entitlement to the preferential EIT rate of 15% was extended to 2026.

Starting from 2023, pursuant to the relevant rules and regulations, certain qualified research expenses incurred by the Group during the period and endorsed by a local tax authority in the PRC is eligible for a further deduction for PRC EIT up to 100% of the relevant costs incurred. In addition, the super deduction rate for the amortisation of intangible assets has been increased from 175% to 200% for all qualified enterprises.

From 1 January 2008, pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profits generated thereafter shall be subject to EIT at 10% and withheld by the PRC entity. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to a preferential tax rate of 5% when receiving dividend from its investee in the PRC if such investor is the beneficial owner of the PRC entity of over 25% interest. Taylor Investment International Limited ("HK Taylor"), which was incorporated in Hong Kong and owns the entire equity interest of the Group's subsidiaries established in the PRC, enjoys the preferential tax rate aforementioned. Accordingly, deferred taxation has been provided for in the consolidated financial statements in respect of the expected dividend stream from these subsidiaries with the applicable tax rate of 5%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. INCOME TAX EXPENSE (Continued)

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to certain retained profits of the PRC subsidiaries amounting to RMB398,846,000 (as at 31 December 2023: RMB650,550,000) as at 31 December 2024, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 31 December 2024, the withholding tax of RMB11,350,000 (as at December 2023: RMB12,465,000) has been recognised in respect of undistributed profits of subsidiaries in the PRC amounting to RMB227,000,000 (as at December 2023: RMB249,300,000).

Under the Law of the Solomon Islands Government, the tax rate of the subsidiary established in the Solomon Islands and principally engaged in the Solomon Project was 35% for both years.

The applicable tax rate for the Group's subsidiaries operating in Australia is 25% for both years. No provision for Australian profit tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profit for the years ended 31 December 2024 and 2023.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows.

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Profit before tax | 805,753 | 421,649 |
| Tax at the EIT rate of 25% (2023: 25%) | 201,438 | 105,413 |
| Tax effect of expenses not deductible for tax purpose | 1,032 | 1,733 |
| Tax effect of income not taxable for tax purpose | (899) | – |
| Under (over) provision in respect of prior years | 7,737 | (6,850) |
| Income tax at concessionary rate | (25,983) | (22,130) |
| Tax effect of additional tax benefit on research expenses | (3,595) | (3,676) |
| Effect of different tax rate of subsidiaries operating in other jurisdictions | 56,206 | 18,827 |
| Utilization of tax losses or deductible temporary difference previously not recognised | (75,292) | (14,286) |
| Deductible exploration and development expenditures (note) | (56,821) | (56,321) |
| Withholding tax on distributable earnings of a subsidiary established in the PRC | 10,750 | 8,000 |
| Income tax expense for the year | 114,573 | 30,710 |

Note: The Government of the Solomon Islands and GRML entered into a mining agreement dated 7 March 1997. The two parties entered into the memorandum of understanding relating to Duties & Taxes Exemptions affecting (the “MOU”) on 13 July 2021, with one of the objectives being reaffirming existing concessions/exemptions under the mining agreement. Pursuant to the mining agreement and the MOU, GRML is entitled to deduct in the computation of income chargeable to Solomon Islands EIT of the exploration and development expenditures to the extent reasonably incurred and necessary to carry out the Solomon Project.

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10. PROFIT FOR THE YEAR

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|--|------------------|-----------------|-----------------|
| Profit for the year has been arrived at after charging: | | | |
| Directors' emoluments (note 11) | | 5,335 | 5,282 |
| Other staff costs | | 88,038 | 80,351 |
| | | 93,373 | 85,633 |
| Retirement benefit scheme contributions, excluding those of directors | | 3,488 | 3,294 |
| Total staff costs | (i) | 96,861 | 88,927 |
| Depreciation of property, plant and equipment | (ii) | 72,715 | 64,993 |
| Depreciation of right-of-use assets | | 2,321 | 2,288 |
| Amortisation of mining rights | (iii) | 22,262 | 29,516 |
| Amortisation of intangible assets | | 212 | 213 |
| Total depreciation and amortisation | | 97,510 | 97,010 |
| Auditor's remuneration (audit services) | | 2,294 | 1,441 |
| Sub-contracting fee (included in cost of inventories) | | 558,443 | 235,546 |
| Freight charges (included in distribution and selling expenses) | | 17,426 | 24,428 |
| Royalty expenses (included in distribution and selling expenses) | (iv) | 17,092 | 10,696 |
| Research expenses (included in administrative expenses) | (i), (ii) | 25,241 | 24,337 |
| Cost of inventories recognised as an expense | (i), (ii), (iii) | 878,568 | 695,980 |

Notes:

- (i) Total staff costs amounting to approximately RMB53,100,000 (2023: RMB43,939,000) are included in cost of inventories; amounting to approximately RMB33,210,000 (2023: RMB34,093,000) are included in administrative expenses (exclude research expenses); amounting to approximately RMB591,000 (2023: RMB650,000) are included in distribution and selling expenses, and approximately RMB9,960,000 (2023: RMB10,245,000) are included in research expenses in administrative expenses.
- (ii) Depreciation of property, plant and equipment amounting to approximately RMB64,989,000 (2023: RMB53,901,000) are included in cost of inventories; amounting to approximately RMB6,849,000 (2023: RMB10,556,000) are included in administrative expenses (exclude research expenses) and amounting to approximately RMB877,000 (2023: RMB536,000) are included in research expenses in administrative expenses.
- (iii) Amortisation of mining rights is included in cost of inventories.
- (iv) Royalty expenses represent the amount payable to the landowners of the Gold Ridge mine and the government of the Solomon Islands in respect of the gold produced by the subsidiary incorporated in the Solomon Islands pursuant to the mining license.

Notes to the Consolidated Financial Statements

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11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and HKCO, is as follows:

| Name of directors | Fees RMB'000 | Retirement benefit scheme contributions RMB'000 | Other emoluments, mainly salaries, allowance and benefit-in-kinds RMB'000 | Total RMB'000 |
|--|-----------------|--|--|------------------|
| For the year ended 31 December 2024 | | | | |
| Executive directors: | | | | |
| Mr. Gao Mingqing | — | — | 2,027 | 2,027 |
| Ms. Gao Jinzhu (iii) | — | — | 110 | 110 |
| Mr. Liu Zhichun | — | — | 511 | 511 |
| Mr. Wang Renxiang | — | 51 | 453 | 504 |
| Ms. Wang Nan (iv) | — | 59 | 1,514 | 1,573 |
| Mr. Li Feilong (v) | — | — | 270 | 270 |
| Independent and non-executive directors: | | | | |
| Mr. Tsang Wai Hung | 110 | — | — | 110 |
| Mr. Wong Chi Ming Ming | 110 | — | — | 110 |
| Mr. Wang Xin | 120 | — | — | 120 |
| | 340 | 110 | 4,885 | 5,335 |
| For the year ended 31 December 2023 | | | | |
| Executive directors: | | | | |
| Mr. Gao Mingqing | — | — | 1,315 | 1,315 |
| Mr. Liu Zhichun | — | — | 599 | 599 |
| Mr. Wang Renxiang | — | 80 | 735 | 815 |
| Ms. Wang Nan | — | 179 | 2,038 | 2,217 |
| Independent and non-executive directors: | | | | |
| Mr. Tsang Wai Hung | 108 | — | — | 108 |
| Mr. Wong Chi Ming Ming | 108 | — | — | 108 |
| Mr. Wang Xin | 120 | — | — | 120 |
| | 336 | 259 | 4,687 | 5,282 |

Notes:

- (i) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.
- (ii) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (iii) Ms. Gao Jinzhu was appointed as an executive director on 21 November 2024.
- (iv) Ms. Wang Nan resigned as an executive director on 21 November 2024.
- (v) Mr. Li Feilong was appointed as an executive director on 6 August 2024, and then resigned as an executive director on 21 November 2024.

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11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Mr. Gao Mingqing is the chief executive of the company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The Group has been providing accommodation, which is leased from a third party, to Mr. Gao Mingqing for use by them and their family members at no charge. The estimated money value of the benefit-in-kinds is RMB146,000 (2023: RMB173,000).

Certain executive directors of the Company are entitled to bonus payments which are determined based on various production targets.

12. EMPLOYEES' EMOLUMENTS

(a) Emoluments of key management personnel

Of the twelve (2023: ten) key management personnel of the Group for the year ended 31 December 2024, six (2023: four) of them are the executive directors of the Company and their remuneration has been disclosed in note 11. The total emoluments of the remaining six (2023: six) key management personnel are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Salaries, other allowances | 4,191 | 4,124 |
| Discretionary bonuses* | 357 | 479 |
| Retirement benefits scheme contributions | 139 | 185 |
| | 4,687 | 4,788 |

* For details of discretionary bonuses refer to Note 11.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2023: two) directors, details of whose remuneration are set out in the disclosures in note 11 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Salaries, other allowances and benefits-in-kinds* | 2,658 | 2,532 |
| Discretionary bonuses* | 77 | 114 |
| Retirement benefit scheme contributions | 313 | 406 |
| | 3,048 | 3,052 |

* For details of benefits-in-kinds and discretionary bonuses refer to Note 11.

Notes to the Consolidated Financial Statements

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12. EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid employees (Continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

| | 2024 No. of employees | 2023 No. of employees |
|--------------------------------|--------------------------|--------------------------|
| Nil to HK\$1,000,000 | 1 | – |
| HK\$1,000,001 to HK\$1,500,000 | 2 | 3 |
| | 3 | 3 |

During both years, no emoluments were paid by the Group to any of the directors of the Company as set out in note 11 or the five highest paid individuals (including directors, key management personnel and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

| | 2024 | 2023 |
|---|---------|---------|
| Earnings figures are calculated as follows: | | |
| Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (in RMB'000) | 575,375 | 335,387 |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand) | 876,308 | 828,000 |

No diluted earnings per share are presented as there were no potential ordinary shares in issue during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| 2024 Interim – RMB10.95 cents (2023: 2023 interim dividend RMB Nil cents) per share | 90,667 | – |
| 2023 Final – RMB18.50 cents (2023: 2022 final dividend RMB10.00 cents) per share | 153,180 | 82,800 |
| | 243,847 | 82,800 |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB14.50 cents (2023: RMB18.50 cents) per ordinary share and a special dividend of RMB7.50 cents (2023: RMB nil cents) per ordinary share, in an aggregate amount of approximately RMB238,442,000 (2023: RMB153,180,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Final dividend for the year ended 31 December 2023 was paid on 19 July 2024 (2023: Final dividend for the year ended 31 December 2022 was paid on 29 August 2023).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

| | Mining structures RMB'000 | Buildings RMB'000 | Machinery RMB'000 | Motor vehicles RMB'000 | Electronic equipment RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|------------------------|---------------------------------|----------------------|----------------------|------------------------------|------------------------------------|--|------------------|
| COST | | | | | | | |
| At 1 January 2023 | 459,262 | 288,667 | 218,450 | 12,630 | 13,207 | 37,846 | 1,030,062 |
| Exchange adjustments | (148) | (2,107) | (1,439) | (78) | (22) | (855) | (4,649) |
| Additions | 4,176 | 12,534 | 26,337 | 2,721 | 1,927 | 106,219 | 153,914 |
| Transfer | 3,555 | 10,655 | 23,328 | – | 86 | (37,624) | – |
| Disposals | – | (128) | (5,703) | (289) | – | – | (6,120) |
| At 31 December 2023 | 466,845 | 309,621 | 260,973 | 14,984 | 15,198 | 105,586 | 1,173,207 |
| Exchange adjustments | 336 | 2,948 | 2,268 | 262 | 113 | 2,462 | 8,389 |
| Additions | 4,791 | 4,110 | 21,744 | 26,090 | 394 | 118,601 | 175,730 |
| Transfer | 4,902 | 2,343 | 1,508 | – | 228 | (8,981) | – |
| Disposals | (1,372) | – | (9,107) | (536) | (404) | – | (11,419) |
| At 31 December 2024 | 475,502 | 319,022 | 277,386 | 40,800 | 15,529 | 217,668 | 1,345,907 |
| DEPRECIATION | | | | | | | |
| At 1 January 2023 | 146,401 | 59,736 | 79,289 | 7,619 | 10,013 | – | 303,058 |
| Exchange adjustments | (6) | (1) | (128) | (46) | (3) | – | (184) |
| Provided for the year | 24,695 | 14,901 | 21,329 | 2,585 | 1,483 | – | 64,993 |
| Eliminated on disposal | – | (69) | (4,939) | (289) | – | – | (5,297) |
| At 31 December 2023 | 171,090 | 74,567 | 95,551 | 9,869 | 11,493 | – | 362,570 |
| Exchange adjustments | 27 | 277 | 339 | 85 | 79 | – | 807 |
| Provided for the year | 26,740 | 15,529 | 24,133 | 4,369 | 1,944 | – | 72,715 |
| Eliminated on disposal | (411) | – | (7,571) | (480) | (403) | – | (8,865) |
| At 31 December 2024 | 197,446 | 90,373 | 112,452 | 13,843 | 13,113 | – | 427,227 |
| CARRYING VALUES | | | | | | | |
| At 31 December 2024 | 278,056 | 228,649 | 164,934 | 26,957 | 2,416 | 217,668 | 918,680 |
| At 31 December 2023 | 295,755 | 235,054 | 165,422 | 5,115 | 3,705 | 105,586 | 810,637 |

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For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Note:

As at 31 December 2024, mining structures and machinery with cost of approximately RMB1,424,000 (2023: approximately RMB1,424,000) and approximately RMB28,703,000 (2023: approximately RMB25,804,000) respectively, have been fully depreciated but still in use.

An analysis of the carrying values of the buildings is as below:

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| In Hong Kong | 5,914 | 6,106 |
| In the PRC (other than Hong Kong) | 68,869 | 73,705 |
| In Australia | 3,699 | — |
| In the Solomon Islands | 150,167 | 155,243 |
| | 228,649 | 235,054 |

An analysis of the carrying values of the mining structures, buildings and machinery under construction or assembly and included in construction in progress, by mining projects, is as below:

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|-----------------|
| Yifeng Project | 2,581 | 2,171 |
| Solomon Project | 215,087 | 103,415 |
| | 217,668 | 105,586 |

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis using the following estimated useful lives:

| | |
|----------------------|-------------|
| Mining structures | 8-20 years |
| Buildings | 20-30 years |
| Machinery | 5-10 years |
| Motor vehicles | 4-5 years |
| Electronic equipment | 3-5 years |

Details of the property, plant and equipment pledged to banks for borrowings granted to the Group is set out in note 33.

Notes to the Consolidated Financial Statements

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16. RIGHT-OF-USE ASSETS

| | Leasehold lands RMB\$'000 (Note a) | Leased properties RMB'000 (Note b) | Total RMB'000 |
|---------------------------------|---|---|------------------|
| COST | | | |
| At 1 January 2023 | 60,139 | 619 | 60,758 |
| Exchange adjustments | — | 108 | 108 |
| Termination of lease | — | (623) | (623) |
| Additions | — | 3,580 | 3,580 |
| At 31 December 2023 | 60,139 | 3,684 | 63,823 |
| Exchange adjustments | — | (193) | (193) |
| Termination of lease | — | (646) | (646) |
| Additions | — | 1,135 | 1,135 |
| At 31 December 2024 | 60,139 | 3,980 | 64,119 |
| ACCUMULATED DEPRECIATION | | | |
| At 1 January 2023 | 5,522 | 419 | 5,941 |
| Provided for the year | 1,385 | 903 | 2,288 |
| Exchange adjustments | — | 22 | 22 |
| Termination of lease | — | (623) | (623) |
| At 31 December 2023 | 6,907 | 721 | 7,628 |
| Provided for the year | 1,383 | 938 | 2,321 |
| Exchange adjustments | — | (67) | (67) |
| Termination of lease | — | (384) | (384) |
| At 31 December 2024 | 8,290 | 1,208 | 9,498 |
| CARRYING VALUES | | | |
| At 31 December 2024 | 51,849 | 2,772 | 54,621 |
| At 31 December 2023 | 53,232 | 2,963 | 56,195 |
| | | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| Total cash outflow for leases | | 1,213 | 1,166 |

Notes:

- It represents the Group's ownership interests on leasehold lands held for own use in the PRC, with remaining lease term of between 10 and 50 years.
- The Group has obtained rights to use properties as its director's quarter and office premise through tenancy agreements. The leases run for an initial period of 2 to 5 years without extension options. The leases only included fixed lease payments.

Details of the right-of-use assets pledged to a bank for borrowing granted to the Group are set out in note 33.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. MINING RIGHTS

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------|-----------------|-----------------|
| COST | | |
| At beginning of the year | 295,406 | 287,822 |
| Exchange adjustments | (19,235) | 7,584 |
| At end of the year | 276,171 | 295,406 |
| AMORTISATION | | |
| At beginning of the year | 44,068 | 13,544 |
| Exchange adjustments | (3,133) | 1,008 |
| Provided for the year | 22,262 | 29,516 |
| At end of the year | 63,197 | 44,068 |
| CARRYING VALUES | 212,974 | 251,338 |

The mining rights represent: (1) the right to conduct mining activities for Yifeng Project at the Xinzhuang mine in Jiangxi Province, the PRC, with a legal life of 26 years ending in 2032, and (2) the right to conduct mining activities for Solomon Project at the Gold Ridge mine on Guadalcanal in the Solomon Islands with a legal life of 15 years ending in 2034. The Gold Ridge mine in relation to the Solomon Project commenced commercial operations in 2022.

The mining rights are amortised using the unit of production method based on the actual production volume over the estimated total production volume after taking into consideration the total probable/proven reserves of the ore mines within the terms of the respective licences. The extension of the mining period and the enlargement of the annual production limit may change the estimated total probable/proven reserves of the ore mines over the terms of the licenced period.

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For the year ended 31 December 2024

17. MINING RIGHTS *(Continued)*

An analysis of the carrying values of the mining rights, by mining projects, is as below:

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|-----------------|
| Yifeng Project | 8,336 | 9,424 |
| Solomon Project | 204,638 | 241,914 |
| | 212,974 | 251,338 |

As at 31 December 2024, the directors of the Company considered that there is no impairment indicator in relation to the assets of the Yifeng Project and the Solomon Project. Therefore no impairment assessments have been performed to calculate the recoverable amount of the assets of the Yifeng Project and the Solomon Project.

18. EXPLORATION AND EVALUATION ASSETS

| | RMB'000 |
|--|---------|
| COST | |
| At 1 January 2023 | 205,788 |
| Additions | 23,338 |
| Exchange adjustments | (61) |
| At 31 December 2023 | 229,065 |
| Additions | 15,249 |
| Exchange adjustments | (2,340) |
| At 31 December 2024 | 241,974 |
| ACCUMULATED IMPAIRMENT LOSS | |
| At 1 January 2023, 31 December 2023 and 2024 | (4,317) |
| CARRYING VALUES | |
| At 31 December 2024 | 237,657 |
| At 31 December 2023 | 224,748 |

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2024 and 2023, the exploration and evaluation assets are related to costs of the activities which occur in the area of 1) Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu; and 2) the Solomon Islands, which is the principal place of business of the Solomon Project.

Notes to the Consolidated Financial Statements

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18. EXPLORATION AND EVALUATION ASSETS (Continued)

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB15,249,000 (2023: RMB23,338,000), which mainly comprise of exploratory drilling costs and costs incurred in evaluation of technical feasibility and commercial viability of mineral extraction.

Please refer to note 19 for impairment assessment.

An analysis of the carrying values of the exploration and evaluation assets, by mining projects, is as below:

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|-----------------|
| Xizang Changdu | 196,583 | 194,308 |
| Solomon Project | 41,074 | 30,440 |
| | 237,657 | 224,748 |

19. OTHER INTANGIBLE ASSET

RMB'000

COST

At 1 January 2023, 31 December 2023 and 2024 319,288

ACCUMULATED IMPAIRMENT LOSS

At 1 January 2023, 31 December 2023 and 2024 (7,123)

CARRYING VALUES

At 31 December 2023 and 2024 312,165

In addition to the exploration and evaluation assets set out in note 18 above, the Group has recognised other intangible asset pursuant to the acquisition of Xizang Changdu in the year ended 31 December 2018 which represents, in the opinion of the directors, premium paid for the mining right license to be obtained by Xizang Changdu to conduct mining activities in the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by Xizang Changdu. The Group is in the process of applying the mining permit for the above mine with the relevant regulatory authorities and the directors of the Company expect the mining permit will be granted to the Group without significant cost in the foreseeable future. The relevant mining permit, when granted to the Group, will allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining license. The aforementioned lead mine has a budgeted production plan of 26 years from 2028 to 2053 (2023: 26 years from 2026 to 2051) and estimated metallic resources and production volume of approximately 30,249,000 tonnes (2023: 30,249,000 tonnes).

The budgeted production plan and the estimated metallic resources of Xizang Changdu had been determined based on the management's expectation for the market development, feasibility study of the above mine which was prepared by a leading construction engineering consultancy firm in the PRC and reviewed and endorsed by the natural resource review panel of the Xizang province, and the expected production capacity of Xizang Changdu.

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19. OTHER INTANGIBLE ASSET *(Continued)*

Impairment test on Xizang Changdu Related Assets

The directors of the Company have performed impairment assessment on Xizang Changdu Related Assets and engaged an independent professional valuer, Win Bailey Valuation and Advisory Limited (2023: Win Bailey Valuation and Advisory Limited) to determine the recoverable amount of Xizang Changdu Related Assets by treating them as a single CGU. The recoverable amount is determined based on FVLCD calculation, using income approach, in particular, multi-period excess earnings method was adopted. The FVLCD has been determined taking into account the appropriate discount rate. The pre-tax discount rate in measuring recoverable amount is 25.4% (2023: 26.2%) per annum in relation to the CGU. As a result of the impairment assessment, no impairment loss in respect of Xizang Changdu Related Assets has been recognised in profit or loss during the years ended 31 December 2024 and 2023. Management believed that any reasonably possible change in any of the above assumptions would not result in impairment.

The key assumptions used in recoverable amount calculation include the discount rate and a growth rate of 0.95% (2023: 2%) per annum being applied for estimated selling prices. The discount rate had been determined based on the market comparable. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates.

Apart from the considerations described above in determining the recoverable amount of the CGU, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions.

Details of the assessment of headroom available as at 31 December 2024 and 2023 are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Recoverable amount | 550,982 | 520,535 |
| Carrying amount of assets belonging to Xizang Changdu | 508,748 | 506,473 |
| Headroom | 42,234 | 14,062 |

Notes to the Consolidated Financial Statements

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20. DEFERRED TAX ASSETS/LIABILITIES

The following is an analysis of the deferred tax balances for financial reporting purposes:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------|-----------------|-----------------|
| Deferred tax assets | 5,747 | 3,984 |
| Deferred tax liabilities | (89,391) | (90,506) |
| | (83,644) | (86,522) |

The following are the major deferred tax assets (liabilities) recognised and movements thereon during both years:

| | Undistributed earnings of a PRC subsidiary RMB'000 | Fair value adjustments on other intangible asset arising from acquisition of a subsidiary RMB'000 | Restoration cost and other provisions RMB'000 | Government grant RMB'000 | Total RMB'000 |
|---|--|---|---|--------------------------------|------------------|
| At 1 January 2023 | (8,825) | (78,041) | 2,116 | 1,814 | (82,936) |
| (Charge) credit to profit or loss | (8,000) | – | 229 | (175) | (7,946) |
| Payment of withholding tax relating to distribution of earnings of a subsidiary established in the PRC | 4,360 | – | – | – | 4,360 |
| At 31 December 2023 | (12,465) | (78,041) | 2,345 | 1,639 | (86,522) |
| (Charge) credit to profit or loss | (10,750) | – | 1,938 | (175) | (8,987) |
| Payment of withholding tax relating to distribution of earnings of a subsidiary established in the PRC | 11,865 | – | – | – | 11,865 |
| At 31 December 2024 | (11,350) | (78,041) | 4,283 | 1,464 | (83,644) |

At the end of the reporting period, the Group has unused tax losses of approximately RMB9,148,000 (2023: RMB224,267,000) available for offset against future profits. Included in unrecognised tax losses are losses of approximately RMB9,148,000 (2023: RMB9,148,000) under Australian Corporate tax with no expiry date and unrecognised tax losses under Solomon Corporate tax of approximately RMB nil (2023: RMB215,119,000) with no expiry date.

No deferred tax asset has been recognised in relation to such unused tax losses as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

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21. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

The restricted bank balances carry interest at a fixed rate of 0.1% (2023: 0.2%) per annum. They represent the guarantee deposits in specified accounts which are restricted for the usage for restoration of the land upon closure of mines.

The bank balances carry interest at market rates as follows:

| | 2024 % | 2023 % |
|-------------------------------------|-------------|-------------|
| Range of interest rates (per annum) | Nil to 4.00 | Nil to 4.81 |

The bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

| | 2024 RMB'000 | 2023 RMB'000 |
|---------------------------------|-----------------|-----------------|
| HK\$ | – | 1,234 |
| AU\$ | 16 | 41 |
| US\$ | 205,373 | 7,116 |
| Solomon Islander Dollar (“SBD”) | 8,016 | 1,959 |

22. FINANCIAL ASSETS AT FVTPL

| | 2024 RMB'000 | 2023 RMB'000 |
|------------------------------------|-----------------|-----------------|
| Current financial assets at FVTPL: | | |
| – structured deposits (note a) | 699,430 | – |
| – money market fund (note b) | 635,727 | – |
| | 1,335,157 | – |

Structured deposits and money market fund are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

Notes:

- (a) On 6 June 2024, 7 November 2024 and 16 December 2024, the Company subscribed for the structured deposits in the total principal amount of approximately US\$1.8 million and US\$88.0 million offered by JP Morgan Chase Bank and RMB50.0 million offered by Xiamen Bank. For details of the key terms of the main structured deposits, refer to the Company’s announcement on 7 November 2024.
- (b) On 8 November 2024, the Company subscribed for the Morgan Stanley Liquidity Funds of approximately US\$88.0 million. For details of the key terms, refer to the Company’s announcement on 8 November 2024.

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23. INVENTORIES

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------|-----------------|-----------------|
| Mining products | | |
| – Raw materials | 52,445 | 19,983 |
| – Work-in-progress | 105,316 | 150,309 |
| – Finished goods | 16,982 | 29,750 |
| | 174,743 | 200,042 |

24. TRADE AND OTHER RECEIVABLES

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|-------|-----------------|-----------------|
| Trade receivables from contracts with customers | (a) | 164,809 | 69,370 |
| Prepayments and other receivables | | | |
| – Prepayments to major subcontractors | (b) | 29,280 | 112,316 |
| – Prepayments to other suppliers | (c) | 38,983 | 92,638 |
| – Other receivables | (d) | 118,853 | 13,087 |
| | | 187,116 | 218,041 |
| Deposit for purchase of property, plant and equipment | | 4,973 | 7,123 |
| Total trade and other receivables | | 356,898 | 294,534 |
| Less: non-current portion: | | | |
| – Deposit for purchase of property | | 4,973 | 7,123 |
| – Other receivable | | 20,830 | – |
| Current portion | | 331,095 | 287,411 |

Notes to the Consolidated Financial Statements

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24. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

As at 1 January 2023, trade receivables from contracts with customers amounted to approximately RMB13,151,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period.

| | 2024 RMB'000 | 2023 RMB'000 |
|----------------|-----------------|-----------------|
| Within 30 days | 164,809 | 64,549 |
| 31 to 60 days | — | 1,021 |
| 61 to 90 days | — | 2,039 |
| Over 90 days | — | 1,761 |
| | 164,809 | 69,370 |

No trade receivables are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

The ECL for trade receivables as at 31 December 2024 and 2023 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2024 and 2023 is insignificant.

Details of impairment assessment of trade and other receivables are set out in note 38(b).

(b) Prepayments to major subcontractors

The prepayments were the subcontracting fee to mining subcontractors by Yifeng Wanguo and GRML for mining of ores, which amounted to approximately RMB29,280,000 (as at 31 December 2023: RMB112,316,000) as at 31 December 2024.

(c) Prepayments to other suppliers

Included in the balance are prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB nil (2023: RMB60,830,000) and prepayment to suppliers of raw materials which amounted to approximately RMB34,955,000 (as at 31 December 2023: RMB30,645,000) as at 31 December 2024.

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24. TRADE AND OTHER RECEIVABLES (Continued)

(d) Other receivables

- (i) The Group entered into a sales and purchase agreement with one supplier for the acquisition of certain raw materials in 2021. In the course of fulfilling the contractual obligations in the agreement, the supplier had committed a partial breach of contract by failing to deliver the complete quantity of goods as stipulated, and further failed to reimburse the full amount corresponding to the non-delivered goods in a timely manner.

On 26 November 2024, the Group and the supplier reached an amicable settlement and executed a conciliation agreement. This agreement stipulates an extension of the repayment timeline, with the final instalment payment due in 2027, and the imposition of an interest rate equivalent to the prevailing Loan Prime Rate in China on the outstanding amount. To secure the repayment obligations, the parties have agreed to a collateral arrangement involving real estate properties, along with the provision of a guarantee by a reputable third party.

As at 31 December 2024, included in the balance is the receivable arising from the aforementioned transaction amounting to RMB24,830,000, which was presented in prepayments to other suppliers with the amount of RMB25,230,000 as at 31 December 2023.

- (ii) Included in the balance is a receivable amounting to AU\$ 12 million (approximately RMB54,084,000) due on 21 August 2025, which is non-trade in nature, secured by the collateral of the Company's shares held by a non-controlling shareholder of the Company and carries an interest rate at 2.5% per annum. Such amount is due from a former non-controlling shareholder of the Company's subsidiary, who is no longer a related party of the Company as at 31 December 2024. As at 31 December 2023, the receivable from that individual amounted to AU\$ 5 million (approximately RMB24,242,000) and was presented in the amount due from a non-controlling shareholder (note 25).

25. AMOUNT DUE FROM A RELATED COMPANY/A NON-CONTROLLING SHAREHOLDER

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|-------|-----------------|-----------------|
| Amount due from a related company | (a) | 3 | 3 |
| Amount due from a non-controlling shareholder | | — | 24,242 |

(a) Amount due from a related company

The balance is due from a company wholly-owned and controlled by Mr. Gao Mingqing, the chief executive of the company. The balance is interest free, unsecured and repayable on demand.

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26. TRADE AND OTHER PAYABLES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Trade payables | 92,801 | 102,809 |
| Value-added tax, resource tax and other tax payables | 22,469 | 13,664 |
| Payables for construction in progress and property, plant and equipment | 4,930 | 18,365 |
| Dividend payable | 4,260 | – |
| Accrued expenses and other payables | | |
| – Accrued expenses | 9,588 | 5,028 |
| – Accrued staff cost | 6,145 | 6,332 |
| – Other payables | 15,889 | 13,394 |
| | 63,281 | 56,783 |
| Total trade and other payables | 156,082 | 159,592 |

The following is analysis of trade payables by aging, presented based on the delivery dates for purchase of goods or the dates when mining services have been rendered by the mining subcontractors.

| | 2024 RMB'000 | 2023 RMB'000 |
|----------------|-----------------|-----------------|
| Within 30 days | 51,223 | 40,541 |
| 31-60 days | 26,000 | 32,662 |
| 61-90 days | 2,040 | 12,854 |
| 91-180 days | 13,280 | 8,464 |
| Over 180 days | 258 | 8,288 |
| | 92,801 | 102,809 |

The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

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27. AMOUNTS DUE TO RELATED PARTIES

| | Note | 2024 RMB'000 | 2023 RMB'000 |
|--|----------|-----------------|-----------------|
| Victor Soar Investments Limited (“ Victor Soar ”) | (a), (b) | – | 4,648 |
| Mr. Gao Mingqing | (a), (b) | 383 | 391 |
| Achieve Ample Investments Limited (“ Achieve Ample ”) | (a), (c) | 272 | 265 |
| | | 655 | 5,304 |

Notes:

- (a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB272,000 (2023: RMB4,913,000) is denominated in HK\$.
- (b) Victor Soar held approximately 25.96% (2023: 33.99%) of the issued share capital of the Company as at 31 December 2024 and is wholly-owned and controlled by Mr. Gao Mingqing.
- (c) Ms. Gao Jinzhu, an executive director of the Company, has an interest of 12.98% (2023: 16.74%) of the issued share capital of the Company as at 31 December 2024 through Achieve Ample which is wholly-owned and controlled by her.

28. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

On 3 March 2012, Yifeng Wanguo, West-Jiangxi Brigade of the Bureau of Geology and Mineral Exploration of Jiangxi Province (“**West-Jiangxi Brigade**”) and HK Taylor entered into a capital reduction agreement (the “**Capital Reduction Agreement**”). Pursuant to which, among other things, West-Jiangxi Brigade shall redeem all of its 12% equity investment in Yifeng Wanguo for a consideration of RMB207,872,000. According to the Capital Reduction Agreement, the consideration shall be payable by Yifeng Wanguo to West-Jiangxi Brigade by instalments set out below:

- (i) RMB6,000,000 within five working days after the completion of the Capital Reduction Agreement;
- (ii) RMB6,000,000 in December of the year in which the completion of the Capital Reduction Agreement took place and the year thereafter, respectively;
- (iii) RMB20,000,000 in December of the second year after the year in which the completion of the Capital Reduction Agreement took place; and
- (iv) RMB42,468,000 in December of each of the third year to the sixth year after the year in which the completion of the Capital Reduction Agreement took place.

The Capital Reduction Agreement was approved by the relevant PRC government authorities on 23 April 2012. Upon the approval of the Capital Reduction Agreement and the completion of registration with the relevant authorities in the PRC, Yifeng Wanguo became a wholly-owned subsidiary of the Company on 27 April 2012.

As a result, the Group has recorded a liability of RMB153,584,000, which was the present value of the total consideration discounted at 7.05% payable by Yifeng Wanguo to West-Jiangxi Brigade as at the date of the completion of the transaction.

During the year ended 31 December 2018, an amount of approximately RMB42,468,000 which fell due in that year was agreed to be extended to 2020. As at 31 December 2024 and 2023, the amount had matured without further extension granted by West-Jiangxi Brigade.

At the end of the reporting period, the carrying amount of consideration payable is unsecured, interest free and repayable on demand.

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29. BANK BORROWINGS

| | 2024 RMB'000 | 2023 RMB'000 |
|---|------------------|------------------|
| Unsecured bank borrowings at: | | |
| – fixed rate | 149,950 | 119,950 |
| Secured bank borrowings at: | | |
| – fixed rate | 30,000 | 80,000 |
| – floating rate | 80,712 | 1,987 |
| | 260,662 | 201,937 |
| The carrying amounts of the above bank borrowing are repayable: | | |
| – within one year | 181,550 | 199,950 |
| – within a period of more than one year but not exceeding two years | 1,600 | – |
| – within a period of more than two years but not exceeding five years | 76,000 | – |
| Carrying amount of bank borrowings that contains a repayment on demand clause (shown under current liabilities) | 1,512 | 1,987 |
| | 260,662 | 201,937 |
| Less: Amount due within one year shown under current liabilities | (183,062) | (201,937) |
| Amount shown under non-current liabilities | 77,600 | – |

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate and RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year.

The bank borrowings were guaranteed by certain directors of the Company, certain related parties (as detailed in note 36(a)) and certain equity interests of certain subsidiaries. Secured bank borrowings were secured by equity interests of certain subsidiaries of the Company and certain property, plant and equipment and certain right-of-use assets of the Group.

The effective interest rates on the Group's borrowings are as follows:

| | 2024 % | 2023 % |
|--|--------------|--------------|
| Effective interest rate for fixed rate borrowings (per annum) | 4.00 to 6.10 | 4.00 to 6.10 |
| Effective interest rate for floating rate borrowings (per annum) | 2.73 to 4.50 | 2.73 to 3.23 |

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30. DEFERRED INCOME

Deferred income represents government grants received by Yifeng Wanguo from local authority in the PRC for mining technology improvement.

The deferred income is released to income over the expected useful life of the relevant assets resulting from the mining technology improvement. Movements of deferred income during the year are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------------------|-----------------|-----------------|
| Government grants related to assets: | | |
| At the beginning of the year | 5,170 | 6,331 |
| Released to profit or loss | (1,160) | (1,161) |
| At the end of the year | 4,010 | 5,170 |

31. PROVISIONS FOR RESTORATION COSTS

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------|-----------------|-----------------|
| At beginning of the year | 9,060 | 8,145 |
| Provisions | 6,025 | 915 |
| At end of the year | 15,085 | 9,060 |

In accordance with relevant rules and regulations in the PRC and the Solomon Islands, the Group is obliged to restore the land upon closure of the mines. The Group provided the cost for restoration for its present obligation.

The provision for restoration costs has been determined by the directors based on their best estimates. The directors estimated the liabilities for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows to be spent for a third party to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at discount rates that reflect current market assessments of the time value of money and the risks specific to the liabilities, such that the provisions reflect the present value of the expenditures expected to be required to settle the obligation.

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32. SHARE CAPITAL

Details of share capital of the Company are as follows:

| | Number of shares '000 | Share capital HK\$'000 |
|---|-----------------------------|------------------------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 1 January 2023, 31 December 2023 | 1,000,000 | 100,000 |
| Increase on 28 October 2024 (note a) | 9,000,000 | 900,000 |
| At 31 December 2024 | 10,000,000 | 1,000,000 |
| Issued: | | |
| At 1 January 2023, 31 December 2023 | 828,000 | 82,800 |
| Issue of shares (note b) | 165,600 | 16,560 |
| Issued in consideration for the acquisition of the issued share capital of a subsidiary (note c) | 90,227 | 9,023 |
| At 31 December 2024 | 1,083,827 | 108,383 |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Shown in the consolidated statement of financial position | 91,223 | 67,881 |

Notes:

- (a) On 28 October 2024, the Company increased the authorised share capital from HK\$100,000,000 divided into 1,000,000,000 shares of HK\$0.1 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.1 each.
- (b) During the year, the Company allotted and issued an aggregate of 165,600,000 new share of the Company to Gold Mountains (H.K.) International Mining Company Limited for cash, as detailed in the note (d) to the consolidated statement of changes in equity.
- (c) During the year, the Company acquired 20.22% share capital of AXF Gold Ridge by the allotment and issue of 90,227,200 new shares of the Company, as detailed in the note (c) to the consolidated statement of changes in equity.

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33. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to bank borrowings granted to the Group:

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Property, plant and equipment | 33,788 | 37,369 |
| Right-of-use assets | 22,149 | 22,795 |
| | 55,937 | 60,164 |

34. CAPITAL COMMITMENTS

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Capital expenditure in respect of: | | |
| – acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements | 346,472 | 14,079 |

35. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (with a cap in accordance with the statutory requirements) to the MPF Scheme, which contribution is matched by employees.

The employees of the Group’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a range of 12% to 20% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

No forfeited contribution under the MPF Scheme or state-managed defined contribution retirement benefits schemes was utilised during the year or available to reduce the contribution payable in future years.

The total expense recognised in profit or loss of RMB3,598,000 (2023: RMB3,553,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

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36. RELATED PARTY TRANSACTIONS

(a) Related party balances and transactions

Details of the balances with related parties as at 31 December 2024 and 2023 are set out in the consolidated statement of financial position and in notes 25 and 27.

In addition, certain of the Group's bank borrowings of RMB149,150,000 (2023: RMB119,950,000) as set out in note 29 as at 31 December 2024 and 2023 were personally guaranteed by both Mr. Gao Mingqing and Ms. Gao Jinzhu, and bank borrowings of RMB110,000,000 (2023: RMB70,000,000) were personally guaranteed by Mr. Gao Mingqing.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other key management personnel during the year were as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Fees, salaries and other allowances | 9,416 | 9,147 |
| Discretionary bonuses | 357 | 479 |
| Retirement benefit scheme contributions | 249 | 444 |
| | 10,022 | 10,070 |

The remuneration of directors and key management personnel is determined having regard to the performance of individuals and market trends.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which mainly include bank borrowings (note 29), payable to a former non-controlling shareholder of a subsidiary (note 28), and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issue and the issue of new debt or the redemption of existing debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or process for managing capital during the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

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38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Financial assets: | | |
| Amortised cost | 806,922 | 286,904 |
| Financial assets at FVTPL | 1,335,157 | – |
| Financial liabilities: | | |
| Amortised cost | 446,839 | 404,773 |

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, financial assets at FVTPL, amount due from a related company/a non-controlling shareholder, bank balances and cash, trade and other payables, lease liabilities, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with the financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's exposure to foreign currency risk related primarily to certain bank balances and other receivables maintained in HK\$, AU\$, US\$ and SBD.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------|-----------------|-----------------|
| Assets | | |
| HK\$ | – | 1,306 |
| AU\$ | 5,469 | 4,240 |
| US\$ | 1,540,496 | 7,116 |
| SBD | 10,413 | 4,542 |
| Liabilities | | |
| HK\$ | – | 8,305 |
| AU\$ | – | 1,852 |
| US\$ | – | 135 |
| SBD | 43,302 | 25,756 |

Sensitivity analysis

The Group mainly exposes to US\$ currency risk, sensitivity analysis of strengthening 5% in functional currency of the Company (i.e. HK\$) against US\$ resulted in a decrease in post-tax profit of RMB57,769,000 (2023: RMB262,000) during the year ended 31 December 2024. For a 5% weakening of HK\$ against US\$, there would be an equal and opposite impact on the results.

Notes to the Consolidated Financial Statements

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38. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank balance (note 21), bank borrowings (note 29) and lease liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 21) and bank borrowings (note 29).

The Group's exposures to interest rates on bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of Hong Kong Interbank Offered Rate arising from the Group's HK\$ denominated bank borrowings.

The Group currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on an on-going basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or 50 basis points decrease (2023: 50 basis points increase or 50 basis points decrease) represents management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank balances and bank borrowings had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would increase/decrease by approximately RMB1,638,000 (2023: RMB665,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group has concentration of credit risk in respect of trade receivables with approximately 58% of total trade receivables as at 31 December 2024 (2023: 61%) was due from one customer. The Group believes that the amount is considered recoverable after taking into account the subsequent settlement after the year end, credit history of the customer and forward-looking information.

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38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Trade receivables *(Continued)*

The Group has concentration of credit risk by geographical location as the majority of its trade receivable as at 31 December 2024 were in the Solomon Islands (2023: Solomon Islands).

In order to minimise the credit risk, the Group's current credit practices include assessment and evaluation of customers' credit reliability and periodically review of their financial status to determine credit limit to be granted. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables collectively for those with similar credit risk characteristics based primarily on the trade debtors' aging profiles. The Group has been exploring new customers in order to reduce the concentration of credit risk.

Bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Other receivables

The credit risk on other receivables is also limited because of the historical settlement record, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

| 2024 | Notes | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount RMB'000 |
|--|-------|------------------------------|--------------------------------|--|
| Financial assets at amortised costs | | | | |
| Bank balances and cash | 21 | N/A | 12-months-ECL | 523,260 |
| Trade receivables | 24 | (note i) | Lifetime ECL | 164,809 |
| Other receivables | 24 | (note ii) | 12-months-ECL | 118,853 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables (Continued)

| 2023 | Notes | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount RMB'000 |
|--|-------|------------------------------|--------------------------------|--|
| Financial assets at amortised costs | | | | |
| Bank balances and cash and restricted | | | | |
| bank balances | 21 | N/A | 12-months-ECL | 180,205 |
| Trade receivables | 24 | (note i) | Lifetime ECL | 69,370 |
| Other receivables | 24 | (note ii) | 12-months-ECL | 13,087 |
| Amount due from a non-controlling shareholder | 25 | (note ii) | 12-months-ECL | 24,242 |

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items base on the Group's historical default rates taking into consideration forward-looking information. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. During the year ended 31 December 2024, the Group did not provide any impairment allowance (2023: nil) for trade receivables.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The Group determines the ECL on these items by historical default rate and adjusts for forward-looking information. Included in the amounts are the receivables of RMB54,084,000 and RMB24,830,000 secured by certain collaterals as detailed in note 24 (d). During the year ended 31 December 2024, the Group did not provide any impairment allowance (2023: nil) for other receivables.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, undrawn banking facilities and other debt financing instruments, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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38. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, which is also the agreed repayment date, on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

The amounts included below for variable rate instruments for financial liabilities are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

| | Weighted average effective interest rate % | On demand/ less than 3 months RMB'000 | 3 months to 1 year RMB'000 | 1-5 years RMB'000 | Total undiscounted cash flow RMB'000 | Carrying amount RMB'000 |
|---|--|---|----------------------------------|----------------------|---|-------------------------------|
| As at 31 December 2024 | | | | | | |
| Trade and other payables | — | 127,586 | — | — | 127,586 | 127,586 |
| Amounts due to related parties | — | 655 | — | — | 655 | 655 |
| Consideration payable to a former non-controlling shareholder of a subsidiary | — | 57,936 | — | — | 57,936 | 57,936 |
| Lease liabilities | 10.37 | 184 | 586 | 2,325 | 3,095 | 3,044 |
| Bank borrowings | | | | | | |
| – fixed rate | 4.86 | 132,392 | 50,732 | — | 183,124 | 179,950 |
| – floating rate | 3.15 | 1,712 | 1,882 | 81,591 | 85,185 | 80,712 |
| | | 320,465 | 53,200 | 83,916 | 457,581 | 449,883 |
| As at 31 December 2023 | | | | | | |
| Trade and other payables | — | 139,596 | — | — | 139,596 | 139,596 |
| Amounts due to related parties | — | 5,304 | — | — | 5,304 | 5,304 |
| Consideration payable to a former non-controlling shareholder of a subsidiary | — | 57,936 | — | — | 57,936 | 57,936 |
| Lease liabilities | 12.64 | 289 | 871 | 2,771 | 3,931 | 3,111 |
| Bank borrowings | | | | | | |
| – fixed rate | 4.96 | 151,827 | 50,758 | — | 202,585 | 199,950 |
| – floating rate | 3.07 | 1,987 | — | — | 1,987 | 1,987 |
| | | 356,939 | 51,629 | 2,771 | 411,339 | 407,884 |

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38. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

Bank borrowings with a repayment on demand clause are included in the “on demand/less than 3 months” time band in the above maturity analysis. As at 31 December 2024, the aggregate amounts of these bank borrowings amounted to approximately RMB1,512,000 (2023: RMB1,987,000).

For the purpose of managing liquidity risk, management reviewed the expected cash flow information of the Group’s bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as below:

| | On demand/ less than 3 months RMB'000 | 3 months to 1 year RMB'000 | 1-5 years RMB'000 | Total undiscounted cash flow RMB'000 | Carrying amount RMB'000 |
|---|---|----------------------------------|----------------------|---|-------------------------------|
| As at 31 December 2024 | | | | | |
| Bank borrowings with a repayment on demand clause | 143 | 429 | 1,000 | 1,572 | 1,512 |
| As at 31 December 2023 | | | | | |
| Bank borrowings with a repayment on demand clause | 141 | 422 | 1,549 | 2,112 | 1,987 |

The amounts included above for floating interest rate instruments for financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of the reporting period.

39. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. The fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

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39. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

| Financial asset | Fair value as at | | Fair value hierarchy | Valuation technique and key inputs |
|---------------------------|------------------|------------|------------------------------|--|
| | 31/12/2024 | 31/12/2023 | | |
| Financial assets at FVTPL | RMB1,335,157,000 | – | Level 2 (31/12/2023: N/A) | Discounted cash flow (31/12/2023: N/A) Future cash flows are estimated based on estimated return. |

There were no transfers between levels 1, 2 and 3 during the year.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

| | Lease liabilities RMB'000 | Bank borrowings RMB'000 | Interest payable (included in other payables) RMB'000 | Amounts due to related parties RMB'000 | Dividend payable RMB'000 | Consideration payable to a former non-controlling shareholder of a subsidiary RMB'000 | Total RMB'000 |
|---|------------------------------|----------------------------|---|---|-----------------------------|--|------------------|
| At 1 January 2023 | 215 | 189,444 | 5,250 | 3,894 | – | 57,936 | 256,739 |
| Financing cash flows | (1,166) | 2,125 | (7,169) | 1,355 | (82,800) | – | (87,655) |
| <i>Non-cash changes</i> | | | | | | | |
| Interest expenses | 393 | 10,333 | 1,919 | – | – | – | 12,645 |
| New leases entered/lease modified | 3,580 | – | – | – | – | – | 3,580 |
| Effect of foreign currency exchange differences | 89 | 35 | – | 55 | – | – | 179 |
| Dividend recognised as distribution | – | – | – | – | 82,800 | – | 82,800 |
| At 31 December 2023 | 3,111 | 201,937 | – | 5,304 | – | 57,936 | 268,288 |
| Financing cash flows | (1,213) | 46,785 | – | (4,764) | (251,984) | – | (211,176) |
| <i>Non-cash changes</i> | | | | | | | |
| Interest expenses | 358 | 11,897 | – | – | – | – | 12,255 |
| New leases entered/termination of lease | 1,135 | – | – | – | – | – | 1,135 |
| Effect of foreign currency exchange differences | (347) | 43 | – | 115 | – | – | (189) |
| Dividend recognise | – | – | – | – | 256,244 | – | 256,244 |
| At 31 December 2024 | 3,044 | 260,662 | – | 655 | 4,260 | 57,936 | 326,557 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries directly and indirectly held by the Company as at 31 December 2024 and 2023 are as follows:

| Name of subsidiaries | Place of incorporation/ establishment/ operation | Issued and fully paid share capital/ registered capital | Equity interest attributable to the Group | | Principal activities |
|--|--|---|--|--------|--|
| | | | 2024 | 2023 | |
| <i>Directly owned</i> | | | | | |
| Multinational International Holdings Limited | British Virgin Islands | US\$50,000 | 100% | 100% | Investment holding |
| <i>Indirectly owned</i> | | | | | |
| HK Taylor | Hong Kong | HK\$86,900,000 | 100% | 100% | Investment holding |
| Yifeng Wanguo (note 3) | The PRC | RMB268,990,000 | 100% | 100% | Mining and processing of ores and sales of processed concentrates |
| Xizang Changdu (note 4) | The PRC | RMB195,000,000 | 51% | 51% | Exploration of mineral resources |
| Wanguo Australia | Australia | AU\$1,000 | 100% | 100% | Exploration of mineral resources |
| Wanguo Ascendant Holding Limited | Hong Kong | HK\$1 | 100% | 100% | Investment holding |
| Mega Harvest International Development Limited | Hong Kong | HK\$1 | 100% | 100% | Investment holding |
| AXF Gold Ridge | Australia | AU\$1,000 | 98% | 77.78% | Investment holding |
| GRML | Solomon Islands | AU\$81,343,000 | 88.20% | 70% | Exploration of mineral resources, mining and sales of processed concentrates and gold doré |

Notes:

1. The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
2. None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.
3. It was a sino-foreign equity joint venture enterprise with limited liability, and became a wholly foreign owned enterprise since 27 April 2012.
4. It is a limited liability company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2024, the proportion of ownership interests and voting rights held by non-controlling interests in Xizang Changdu and AXF Gold Ridge are 49% (2023:49%) and 2% (2023:22.22%) respectively.

Summarised financial information in respect of Xizang Changdu and AXF Gold Ridge, which the Group has material non-controlling interests, is set out below. The summarised financial information of Xizang Changdu and consolidated financial information of AXF Gold Ridge and its subsidiaries prepared in accordance with the accounting policies of the Group before intragroup eliminations are as follows:

Xizang Changdu

Financial information of statement of profit or loss and other comprehensive income

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Other income | 1 | 1 |
| Expenses and taxation | (368) | (596) |
| Loss for the year | (367) | (595) |
| Loss and other comprehensive expense for the year attributable to: | | |
| Equity holders of the Company | (187) | (304) |
| Non-controlling interests of the Group | (180) | (291) |
| | (367) | (595) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

AXF Gold Ridge

Financial information of consolidated statement of profit or loss

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Revenue | 1,187,928 | 658,316 |
| Other gain and loss | (1,369) | (7,818) |
| Expenses and taxation | (691,563) | (464,354) |
| Profit for the year | 494,996 | 186,144 |
| Other comprehensive (expense) income for the year | | |
| – Exchange differences on translation from functional currency to presentation currency | (7,707) | 2,446 |
| Total comprehensive income for the year | 487,289 | 188,590 |
| Profit for the year attributable to: | | |
| Equity holders of the Company | 379,011 | 130,301 |
| Non-controlling interests of the Group | 115,985 | 55,843 |
| | 494,996 | 186,144 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 370,609 | 134,581 |
| Non-controlling interests of the Group | 116,680 | 54,009 |
| | 487,289 | 188,590 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Xizang Changdu

Financial information of statement of financial position

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Non-current assets | 508,748 | 506,499 |
| Current assets | 588 | 263 |
| Current liabilities | (12,917) | (9,976) |
| Non-current liabilities | (78,041) | (78,041) |
| | 418,378 | 418,745 |
| Equity attributable to: | | |
| Equity holders of the Company | 213,373 | 213,560 |
| Non-controlling interests of the Group | 205,005 | 205,185 |
| | 418,378 | 418,745 |

Financial information of statement of cash flows

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Net cash inflow from operating activities | 2,559 | 2,659 |
| Net cash outflow from investing activities | (2,274) | (3,161) |
| Net cash inflow/(outflow) | 285 | (502) |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

AXF Gold Ridge

Financial information of consolidated statement of financial position

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Non-current assets | 769,600 | 724,240 |
| Current assets | 449,538 | 293,173 |
| Current liabilities | (217,587) | (388,908) |
| Non-current liabilities | (37,671) | (129,620) |
| | 963,880 | 498,885 |
| Equity attributable to: | | |
| Equity holders of the Company | 850,142 | 349,219 |
| Non-controlling interests of the Group | 113,738 | 149,666 |
| | 963,880 | 498,885 |

Financial information of statement of cash flows

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Net cash inflow from operating activities | 515,113 | 159,044 |
| Net cash outflow from investing activities | (161,813) | (140,956) |
| Net cash outflow from financing activities | (309,701) | (6,186) |
| Net cash inflow | 43,599 | 11,902 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

| | 2024 RMB'000 | 2023 RMB'000 |
|---------------------------------------|-----------------|-----------------|
| NON-CURRENT ASSETS | | |
| Interest in subsidiaries | 678,458 | 1 |
| Amounts due from subsidiaries | 11,871 | 11,871 |
| | 690,329 | 11,872 |
| CURRENT ASSETS | | |
| Amounts due from subsidiaries | 1,109,851 | 485,677 |
| Other receivables and prepayments | 309 | 192 |
| Financial assets at FVTPL | 649,430 | – |
| Bank balances and cash | 4,246 | 1,014 |
| | 1,763,836 | 486,883 |
| CURRENT LIABILITIES | | |
| Amounts due to shareholders | 271 | 4,815 |
| Other payables | 14,328 | 1,544 |
| | 14,599 | 6,359 |
| NET CURRENT ASSETS | 1,749,237 | 480,524 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 2,439,566 | 492,396 |
| CAPITAL AND RESERVES | | |
| Share capital | 91,223 | 67,881 |
| Reserves | 2,348,343 | 424,515 |
| TOTAL EQUITY | 2,439,566 | 492,396 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in reserves:

| | Share premium RMB'000 | Exchange reserve RMB'000 | Retained Profits RMB'000 | Total RMB'000 |
|---|-----------------------------|--------------------------------|--------------------------------|------------------|
| At 1 January 2023 | 272,714 | 23,973 | (29,054) | 267,633 |
| Profit and total comprehensive income for the year | – | 23,453 | 216,229 | 239,682 |
| Dividend recognised as distribution | (82,800) | – | – | (82,800) |
| At 31 December 2023 | 189,914 | 47,426 | 187,175 | 424,515 |
| Profit and total comprehensive income for the year | – | 39,640 | 153,062 | 192,702 |
| Dividend recognised as distribution | (243,847) | – | – | (243,847) |
| Issue of shares | 1,975,103 | – | – | 1,975,103 |
| Transaction costs attributable to issue of share | (130) | – | – | (130) |
| At 31 December 2024 | 1,921,040 | 87,066 | 340,237 | 2,348,343 |

Summary Financial Information

RESULTS

| | 2024 RMB'000 | For the year ended 31 December | | | |
|---|-------------------------------|---------------------------------------|-----------------|-----------------|-----------------|
| | | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Revenue | 1,875,561 | 1,315,517 | 681,418 | 2,014,395 | 1,394,144 |
| Profit before tax | 805,753 | 421,649 | 209,222 | 220,945 | 100,908 |
| Income tax expenses | (114,573) | (30,710) | (39,504) | (39,305) | (16,021) |
| Profit for the year | 691,180 | 390,939 | 169,718 | 181,640 | 84,887 |
| Profit attributable to owners of the Company | 575,375 | 335,387 | 180,540 | 193,432 | 86,711 |

| | 2024 RMB'000 | As at 31 December | | | |
|---|-------------------------------|--------------------------|-----------------|-----------------|-----------------|
| | | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Non-current assets | 1,777,219 | 1,678,044 | 1,615,487 | 1,504,047 | 1,350,379 |
| Current assets | 2,357,984 | 683,559 | 422,476 | 294,713 | 103,859 |
| Current liabilities | (493,513) | (494,098) | (487,022) | (330,960) | (310,118) |
| Total assets less current liabilities | 3,641,690 | 1,867,505 | 1,550,941 | 1,467,800 | 1,144,120 |
| Non-current liabilities | (188,369) | (107,039) | (101,342) | (140,389) | (144,736) |
| Non-controlling interests | (318,743) | (354,851) | (301,134) | (287,464) | (286,795) |
| Equity attributable to owners of the Company | 3,134,578 | 1,405,615 | 1,148,465 | 1,039,947 | 712,589 |