

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE  
DIRECTORS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED AND  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**

**Introduction**

We report on the historical financial information of Jiaxin International Resources Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-56, which comprises the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, the company statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated August 20, 2025 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors’ responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant’s responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025 and the consolidated financial position of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended June 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for

financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-4 have been made.

*Dividends*

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid or declared by the Company in respect of the Track Record Period.

  
**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, August 20, 2025

## **I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

### **Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Historical Financial Information in this report was prepared by the directors of Jiaxin International Resources Investment Limited (the "Company") based on the previously issued consolidated financial statements for each of the years ended December 31, 2022, 2023 and 2024 ("Historical Financial Statements") and consolidated management accounts of the Group for the six months ended June 30, 2025. The previously issued consolidated financial statements were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing. The details of the statutory auditors of these companies are set out in Note 28 to the Historical Financial Information.

The Historical Financial Information is presented in HK dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)	
Revenue . . . . .	5	–	–	–	–	126,313
Cost of sales . . . . .	6	–	–	–	–	(108,332)
Gross profit . . . . .		–	–	–	–	17,981
Administrative expenses . . . . .	6	(41,061)	(67,854)	(75,940)	(33,241)	(60,499)
Other losses, net . . . . .	7	(34,029)	(9,437)	(83,749)	(30,158)	(27,200)
Operating loss . . . . .		(75,090)	(77,291)	(159,689)	(63,399)	(69,718)
Finance income . . . . .	9	5,293	1,908	78	70	19
Finance costs . . . . .	9	(24,653)	(4,746)	(16,918)	(1,640)	(19,856)
Finance costs, net . . . . .	9	(19,360)	(2,838)	(16,840)	(1,570)	(19,837)
Loss before income tax . . . . .		(94,450)	(80,129)	(176,529)	(64,969)	(89,555)
Income tax credit . . . . .	10	–	–	–	–	82,566
Loss for the year/period . . . . .		<u>(94,450)</u>	<u>(80,129)</u>	<u>(176,529)</u>	<u>(64,969)</u>	<u>(6,989)</u>
Other comprehensive income						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations . . . . .		<u>4,179</u>	<u>(2,950)</u>	<u>17,076</u>	<u>5,715</u>	<u>(9,818)</u>
Other comprehensive income/(loss) for the year/period . . . . .		<u>4,179</u>	<u>(2,950)</u>	<u>17,076</u>	<u>5,715</u>	<u>(9,818)</u>
Total comprehensive loss for the year/period . . . . .		<u>(90,271)</u>	<u>(83,079)</u>	<u>(159,453)</u>	<u>(59,254)</u>	<u>(16,807)</u>
Loss for the year/period attributable to:						
Equity holders of the Company . . . . .		(93,661)	(78,920)	(172,970)	(63,617)	(5,996)
Non-controlling interests . . . . .		<u>(789)</u>	<u>(1,209)</u>	<u>(3,559)</u>	<u>(1,352)</u>	<u>(993)</u>
		<u>(94,450)</u>	<u>(80,129)</u>	<u>(176,529)</u>	<u>(64,969)</u>	<u>(6,989)</u>
Total comprehensive loss for the year/period attributable to:						
Equity holders of the Company . . . . .		(89,630)	(81,840)	(156,579)	(58,076)	(15,529)
Non-controlling interests . . . . .		<u>(641)</u>	<u>(1,239)</u>	<u>(2,874)</u>	<u>(1,178)</u>	<u>(1,278)</u>
		<u>(90,271)</u>	<u>(83,079)</u>	<u>(159,453)</u>	<u>(59,254)</u>	<u>(16,807)</u>
Losses per share for loss attributable to equity holders of the Company (expressed in HK\$ per share)						
Basic and diluted . . . . .	11	<u>(7,961)</u>	<u>(6,708)</u>	<u>(14,702)</u>	<u>(5,407)</u>	<u>(510)</u>



# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
	Note	2022	2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	13	267,441	1,001,693	1,494,752	1,685,167
Subsurface use rights . . . . .	14	11,498	11,683	10,075	10,187
Prepayments and other assets . . . . .	17	271,464	399,964	268,128	303,706
Deferred tax assets . . . . .	25	—	—	—	81,901
<b>Total non-current assets</b> . . . . .		<u>550,403</u>	<u>1,413,340</u>	<u>1,772,955</u>	<u>2,080,961</u>
<b>Current assets</b>					
Inventories . . . . .	15	—	—	12,941	94,611
Trade receivables . . . . .	16	—	—	—	47,087
Prepayments . . . . .	17	4,628	9,973	36,844	36,538
Other receivables . . . . .	17	1,400	1,454	668	6,839
Cash and cash equivalents . . . . .	18	99,496	476,687	41,440	32,662
<b>Total current assets</b> . . . . .		<u>105,524</u>	<u>488,114</u>	<u>91,893</u>	<u>217,737</u>
<b>Total assets</b> . . . . .		<u>655,927</u>	<u>1,901,454</u>	<u>1,864,848</u>	<u>2,298,698</u>
<b>EQUITY/(DEFICIT)</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital . . . . .	19	267,254	465,653	465,653	465,653
Other reserves . . . . .		5,333	2,413	18,804	9,271
Accumulated losses . . . . .		(239,894)	(318,814)	(491,784)	(497,780)
		32,693	149,252	(7,327)	(22,856)
<b>Non-controlling interests</b> . . . . .		<u>(1,647)</u>	<u>(2,886)</u>	<u>(5,760)</u>	<u>(7,038)</u>
<b>Total equity/(deficit)</b> . . . . .		<u>31,046</u>	<u>146,366</u>	<u>(13,087)</u>	<u>(29,894)</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payables . . . . .	20	20,777	70,937	46,708	51,922
Borrowings . . . . .	21	381,346	1,616,687	1,470,386	1,615,989
<b>Total non-current liabilities</b> . . . . .		<u>402,123</u>	<u>1,687,624</u>	<u>1,517,094</u>	<u>1,667,911</u>
<b>Current liabilities</b>					
Trade payables . . . . .	22	—	—	—	76,199
Other payables and accruals . . . . .	20	37,377	31,950	86,464	70,322
Contract liabilities . . . . .	23	—	—	31,783	165,414
Lease liabilities . . . . .		112	—	—	—
Borrowings . . . . .	21	—	3,246	184,643	279,094
Amounts due to shareholders . . . . .	31(b)	185,269	32,268	57,951	69,652
<b>Total current liabilities</b> . . . . .		<u>222,758</u>	<u>67,464</u>	<u>360,841</u>	<u>660,681</u>
<b>Total liabilities</b> . . . . .		<u>624,881</u>	<u>1,755,088</u>	<u>1,877,935</u>	<u>2,328,592</u>
<b>Total equity/(deficit) and liabilities</b> . . . . .		<u>655,927</u>	<u>1,901,454</u>	<u>1,864,848</u>	<u>2,298,698</u>
<b>Net current (liabilities)/assets</b> . . . . .		<u>(117,234)</u>	<u>420,650</u>	<u>(268,948)</u>	<u>(442,944)</u>

# COMPANY STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
	Note	2022	2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment. . . . .		8	16	12	10
Investments in subsidiaries . . . . .	28	23,468	23,468	23,468	23,468
Amounts due from subsidiaries . . . . .	29	539,928	1,677,146	1,962,692	2,215,361
Total non-current assets . . . . .		563,404	1,700,630	1,986,172	2,238,839
Current assets					
Amounts due from subsidiaries . . . . .	29	1,120	151,428	23	26
Prepayments . . . . .	17	1,435	7,822	11,089	16,521
Other receivables . . . . .	17	416	–	–	–
Cash and cash equivalents . . . . .	18	91,615	10,574	2,258	9,049
Total current assets . . . . .		94,586	169,824	13,370	25,596
Total assets. . . . .		657,990	1,870,454	1,999,542	2,264,435
EQUITY					
Share capital . . . . .	19	267,254	465,653	465,653	465,653
Accumulated losses . . . . .	30	(186,505)	(257,691)	(201,773)	(191,883)
Total equity . . . . .		80,749	207,962	263,880	273,770
LIABILITIES					
Non-current liabilities					
Borrowings . . . . .	21	381,346	1,616,687	1,470,386	1,615,989
Current liabilities					
Other payables and accruals . . . . .	20	10,626	10,291	22,682	25,930
Borrowings . . . . .	21	–	3,246	184,643	279,094
Amounts due to shareholders . . . . .	31(b)	185,269	32,268	57,951	69,652
Total current liabilities . . . . .		195,895	45,805	265,276	374,676
Total liabilities . . . . .		577,241	1,662,492	1,735,662	1,990,665
Total equity and liabilities . . . . .		657,990	1,870,454	1,999,542	2,264,435
Net current (liabilities)/assets . . . . .		(101,309)	124,019	(251,906)	(349,080)

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Non-controlling interests	Total equity/ (deficit)
	Share capital	Currency translation differences	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at January 1, 2022 . . . . .	267,254	1,302	(146,233)	122,323	(1,006)	121,317
<b>Comprehensive loss</b>						
Loss for the year . . . . .	–	–	(93,661)	(93,661)	(789)	(94,450)
<b>Other comprehensive income:</b>						
– Currency translation differences . . . . .	–	4,031	–	4,031	148	4,179
As at December 31, 2022 . . . . .	<u>267,254</u>	<u>5,333</u>	<u>(239,894)</u>	<u>32,693</u>	<u>(1,647)</u>	<u>31,046</u>
As at January 1, 2023 . . . . .	267,254	5,333	(239,894)	32,693	(1,647)	31,046
<b>Comprehensive loss</b>						
Loss for the year . . . . .	–	–	(78,920)	(78,920)	(1,209)	(80,129)
<b>Other comprehensive income:</b>						
– Currency translation differences . . . . .	–	(2,920)	–	(2,920)	(30)	(2,950)
<b>Transactions with equity holders of the Company</b>						
Capital contributions (Note 19) . . . . .	198,399	–	–	198,399	–	198,399
As at December 31, 2023 . . . . .	<u>465,653</u>	<u>2,413</u>	<u>(318,814)</u>	<u>149,252</u>	<u>(2,886)</u>	<u>146,366</u>
As at January 1, 2024 . . . . .	465,653	2,413	(318,814)	149,252	(2,886)	146,366
<b>Comprehensive loss</b>						
Loss for the year . . . . .	–	–	(172,970)	(172,970)	(3,559)	(176,529)
<b>Other comprehensive income:</b>						
– Currency translation differences . . . . .	–	16,391	–	16,391	685	17,076
As at December 31, 2024 . . . . .	<u>465,653</u>	<u>18,804</u>	<u>(491,784)</u>	<u>(7,327)</u>	<u>(5,760)</u>	<u>(13,087)</u>
(Unaudited)						
As at January 1, 2024 . . . . .	465,653	2,413	(318,814)	149,252	(2,886)	146,366
<b>Comprehensive loss</b>						
Loss for the period . . . . .	–	–	(63,617)	(63,617)	(1,352)	(64,969)
<b>Other comprehensive income:</b>						
– Currency translation differences . . . . .	–	5,541	–	5,541	174	5,715
As at June 30, 2024 . . . . .	<u>465,653</u>	<u>7,954</u>	<u>(382,431)</u>	<u>91,176</u>	<u>(4,064)</u>	<u>87,112</u>
As at January 1, 2025 . . . . .	465,653	18,804	(491,784)	(7,327)	(5,760)	(13,087)
<b>Comprehensive loss</b>						
Loss for the period . . . . .	–	–	(5,996)	(5,996)	(993)	(6,989)
<b>Other comprehensive income:</b>						
– Currency translation differences . . . . .	–	(9,533)	–	(9,533)	(285)	(9,818)
As at June 30, 2025 . . . . .	<u>465,653</u>	<u>9,271</u>	<u>(497,780)</u>	<u>(22,856)</u>	<u>(7,038)</u>	<u>(29,894)</u>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
<b>Cash flows from operating activities</b>						
Cash (used in)/generated from operations . . . . .	26(a)	(47,507)	(62,718)	(63,154)	(27,788)	15,554
<b>Net cash (used in)/generated from operating activities . .</b>		<u>(47,507)</u>	<u>(62,718)</u>	<u>(63,154)</u>	<u>(27,788)</u>	<u>15,554</u>
<b>Cash flows from investing activities</b>						
Payments for purchase of property, plant and equipment and subsurface use rights . . . . .	26(c)	(317,659)	(757,954)	(447,090)	(225,425)	(21,467)
Interest received . . . . .		<u>6,327</u>	<u>2,324</u>	<u>78</u>	<u>70</u>	<u>19</u>
<b>Net cash used in investing activities . . . . .</b>		<u>(311,332)</u>	<u>(755,630)</u>	<u>(447,012)</u>	<u>(225,355)</u>	<u>(21,448)</u>
<b>Cash flows from financing activities</b>						
Capital contributions from shareholders . . . . .	19(i)	–	29,765	–	–	–
Proceeds from borrowings . . . . .	26(b)	207,635	1,194,512	141,546	1,675	53,491
Repayments of borrowings . . . . .	26(b)	–	–	(3,177)	(1,268)	(23,558)
Increase in amounts due to shareholders . . . . .	26(b)	–	11,614	15,568	–	9,571
Interest paid . . . . .	26(b)	(15,169)	(34,358)	(62,907)	(32,207)	(33,747)
Payments for upfront arrangement fee . . . . .		(2,407)	(9,421)	–	–	–
Principal elements of lease liabilities . . . . .	26(d)	(103)	(43)	–	–	–
Payments for listing expenses . . . . .		<u>(75)</u>	<u>(4,299)</u>	<u>(2,794)</u>	<u>(1,741)</u>	<u>(4,190)</u>
<b>Net cash generated from/ (used in) financing activities . . . . .</b>		<u>189,881</u>	<u>1,187,770</u>	<u>88,236</u>	<u>(33,541)</u>	<u>1,567</u>
<b>Net change in cash and cash equivalents . . . . .</b>		<u>(168,958)</u>	<u>369,422</u>	<u>(421,930)</u>	<u>(286,684)</u>	<u>(4,327)</u>
Cash and cash equivalents at beginning of the year/period . . . . .		287,994	99,496	476,687	476,687	41,440
Effects of exchange rate changes on cash and cash equivalents . . . . .		<u>(19,540)</u>	<u>7,769</u>	<u>(13,317)</u>	<u>(16,778)</u>	<u>(4,451)</u>
<b>Cash and cash equivalents at end of the year/period . . .</b>		<u>99,496</u>	<u>476,687</u>	<u>41,440</u>	<u>173,225</u>	<u>32,662</u>

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Jiixin International Resources Investment Limited was incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance Cap. 622 on August 29, 2014. The address of the Company's registered office is 45/F, Office Tower Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the exploration, development and operating a tungsten mine ("Boguty tungsten mine") in the Republic of Kazakhstan ("Kazakhstan"). During the six months ended June 30, 2025, the Group substantially completed the construction of the mining infrastructures of the Boguty tungsten mine, and commenced the commercial production and sales of tungsten concentrate. The principal activities of the subsidiaries are described in Note 28.

Prior to May 31, 2021, Ever Trillion International Limited ("Ever Trillion") and Jiangxi Copper (Hong Kong) Investment Company Limited ("JCHK") held 51% and 49% of the share capital of the Company respectively.

On May 31, 2021, CCECC (H.K.) Limited ("CCECC HK") and CRCC International Investment Group Limited ("CRCCII") subscribed 5% and 10% of the share capital of the Company, at subscription amounts of approximately HK\$89,081,000 and HK\$178,163,000, respectively, pursuant to the terms and conditions of an equity investment agreement dated August 30, 2020. Accordingly, during the Track Record Period, the shareholders of the Company included Ever Trillion, JCHK, CRCCII and CCECC HK, which held 43.35%, 41.65%, 10% and 5% of the share capital of the Company respectively. The directors of the Company regarded that there was no ultimate controlling party for the Group throughout the Track Record Period.

Pursuant to a resolution of the shareholders' meeting on February 15, 2023, it was resolved to increase the Company's share capital through capitalization of amounts due to Ever Trillion and JCHK totaling approximately HK\$168,639,000 and cash contributions from the remaining shareholders totaling approximately HK\$29,760,000, in proportion to their respective shareholdings. There is no change in the respective proportion of the holdings in the Company among all the shareholders upon completion of this capital contribution.

The Historical Financial Information contained in this Prospectus does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended December 31, 2022, 2023 and 2024 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on these financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

### 2 SUMMARY OF ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

#### 2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622. The Historical Financial Information has been prepared under the historical cost convention.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA.

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the Historical Financial Information are disclosed in Note 4.

During the years ended December 31, 2022 and 2023 and 2024 and the six months ended June 30, 2025, the Group recorded net loss of HK\$94,450,000, HK\$80,129,000, HK\$176,529,000, and HK\$6,989,000, respectively, and the Group recorded net current liabilities and net liabilities of HK\$442,944,000 and HK\$29,894,000, respectively as at June 30, 2025 as the Group only commenced the commercial production of the Boguty tungsten mine in a short period of time during the six months ended June 30, 2025. In preparing this Historical Financial Information, the directors have taken into account a projected cash flow covering a period of not less than 12 months from June 30, 2025 with projected operating cash inflows, the financial position of the Group as at June 30, 2025, and sources of financing in the next 12 months from June 30, 2025, including the available banking facilities, funds raising from issuance of new shares or financial support from its shareholders, and concluded that the Group has sufficient financial resources to meet its financial obligations for the foreseeable future. Consequently, the Historical Financial Information has been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal courses of business.

## 2.2 New and amended standards and interpretations adopted by the Group

In preparing the Historical Financial Information, the Group has consistently adopted all applicable new and amended standards that have come into effect during the Track Record Period throughout all the years/periods presented, except for any amended standards and interpretation that are not yet effective during the Track Record Period.

## 2.3 Amended standards and interpretation not yet adopted

The Group has not early adopted the following issued new standards and amendments to standards and interpretation. Except for the disclosed below, none of these is expected to have any significant impact on the Group in the current or future reporting periods.

		Effective for annual periods beginning on or after
Annual Improvements to HKFRS Accounting Standards . . . . .	Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to HKFRS 9 and HKFRS 7 . . . . .	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
	Contracts Referencing Nature – Dependent Electricity	
HKFRS 18 . . . . .	Presentation and Disclosure in Financial Statements	January 1, 2027
HKFRS 19 . . . . .	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to HKAS 28 and HKFRS 10 . . . . .	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of comprehensive income and providing management-defined performance measures within the financial statements.

## 2.4 Material accounting policies

### (a) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in HK\$, which is the Company's functional and the Group's presentation currency. The Group changed the functional currency of its major subsidiary in Kazakhstan who operates the Boguty tungsten mine to Chinese Renminbi ("RMB") upon the commencement of commercial production and sales of tungsten concentrate during the six months ended June 30, 2025 after considering the price of its products sales in the foreseeable future is generally being affected by RMB.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year/period end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses are presented in the profit or loss on a net basis within other losses, net.

#### (iii) Group companies

The results and financial positions of the overseas subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statements of financial position;
- income and expenses for each statement of comprehensive loss is translated at average exchange rates during the reporting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

### (b) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of property, plant and equipment includes the estimated cost of mine rehabilitation, restoration and dismantling.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the following method to allocate their costs, net of their residual values, over their useful life as follows:

Buildings and infrastructures . . . . .	Straight-line over 10-15 years
Mining development assets . . . . .	Units-of-production
Machinery . . . . .	Straight-line over shorter of remaining period of subsurface use rights or 20 years
Vehicles . . . . .	Straight-line over 4-15 years
Computer equipment and others . . . . .	Straight-line over 2-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4(d)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts. These are included in the profit or loss.

#### *Exploration and evaluation assets*

Exploration and evaluation activities include expenditure to identify potential mineral resources, determine the technical feasibility and assess the commercial viability of the potential mineral resources.

Exploration and evaluation costs that are incurred before the Group has obtained the legal right to explore an area or are incurred up to and including the pre-feasibility phase, are recognized in the profit or loss. Subsequent exploration and evaluation costs are capitalized as exploration and evaluation asset.

Exploration and evaluation assets are treated as tangible assets and classified as part of property, plant and equipment. As the assets are not yet ready for use, they are not depreciated.

Exploration and evaluation assets are carried forward if the rights to the area of interest are current and the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by the sale of the asset. Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Once the technical feasibility and commercial viability of the development of an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining development assets within property, plant and equipment.

Exploration and evaluation assets are tested by the Group for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognized for the amount by which exploration and evaluation assets, carrying amount exceeds their recoverable amount. The recoverable amount is higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

#### *Development assets and construction in progress*

Mining development assets comprised the amounts transferred from exploration and evaluation assets, subsequent stripping costs and all subsequent expenditures to develop the mine in production phase. On completion of development, expenditures classified as construction in progress will be reclassified to mining assets.

Mining development assets and construction in progress is stated at cost less any impairment losses and is not depreciated. Cost also comprises the direct construction costs and capitalized borrowing costs on related borrowing to finance the construction.

**(c) Subsurface use rights**

Subsurface use rights of the Group which were granted until 2040, are stated at cost less accumulated amortization and impairment, if any. The acquisition cost of subsurface use right includes the subscription bonus, commercial discovery bonus and acquisition cost of subsurface use rights.

The subsurface use right is amortized using the unit-of-production method, based on lower of the volume of ore reserves or ore permitted to be mined as stipulated in the subsurface use right, from the time of beginning of tungsten ore mining.

**(d) Impairment of non-financial assets**

Intangible assets that are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(e) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor, overburden removal, mining, processing, and an appropriate proportion of production overheads, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**(f) Provisions and contingent liabilities**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Asset retirement obligations**

Asset retirement obligations which meet the criteria of provisions are recognized as provisions and the amount recognized is the present value of the estimated future expenditure relating to the rehabilitation, restoration and dismantling of areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. The estimated future expenditures includes the cost of recontouring, top soiling and revegetation to meet legislative requirements and is determined in accordance with assets conditions and legal requirements.

Interest expenses from the assets retirement obligations for each period are recognized with the effective interest method during the useful life of the related property, plant and equipment. Uncertainty exists as to the amount of asset retirement obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognized at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognized as a liability, separated into current (estimated expenditure arising within 12 months) and non-current components, based on the expected timing of these cash flows. A corresponding asset is included in property, plant and equipment, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, otherwise a corresponding expense is recognized in the profit or loss. The capitalized cost of this asset is recognized in property, plant and equipment and is amortized over the life of the mine. At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred.

If a decrease in the provision exceeds the carrying amount of the property, plant and equipment recognized corresponding to the provision, the excess shall be recognized immediately in profit or loss. If the conditions for the recognition of the provisions are not met, the expenditures for asset retirement will be expensed in profit or loss when occurred.

**(g) Borrowings and borrowings costs**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from consolidated statements of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalized. Other borrowing costs are expensed in the period in which they are incurred. Capitalization of borrowing costs includes capitalizing foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

The commencement date for capitalization is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

**(h) Revenue**

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is presented net of value-added tax ("VAT"), returns and discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group recognize the sales of goods, tungsten concentrate, at the point in time when control of the goods is transferred to the customers, generally on delivery of goods and the transfer of the legal ownership to the customers.



(i) *Employee benefits*

(i) *Pension obligations*

The Group participates in various defined contribution retirement benefit plans schemes which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed or capitalized into cost of assets as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. No forfeited contributions have been utilized by the Group to reduce the existing contributions.

(ii) *Employee leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(iii) *Discretionary bonus*

Discretionary bonus is accrued for the year/period in which the associated services are rendered by employees of the Group.

Liabilities for discretionary bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(j) *Current and deferred income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and unused tax losses.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country/area where the Company or its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) *Deferred income tax*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting nor taxable profit or loss is affected and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available to utilize those temporary differences and tax losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

*(iii) Offsetting*

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and current tax liabilities where the deferred income taxes assets and liabilities relate to income tax levied by the same taxation authority. Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## **2.5 Other accounting policies**

*(a) Principles of consolidation*

*Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, consolidated statements of changes in equity and financial position respectively.

*Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

*Separate financial statements*

Investments in subsidiaries are accounted for at cost less any impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

**(b) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company that make strategic decisions.

**(c) Investments and other financial assets**

**(i) Classification**

The Group classifies its financial assets as financial assets at amortized cost or fair value. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

**(ii) Recognition and derecognition**

Financial assets are recognized on trade-date, the date on which the Group occurs transactions with other parties. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the measurement category of amortized cost.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other (losses)/gains, net together with foreign exchange gains and losses, net. Impairment losses are presented as separate line item in the statements of comprehensive loss.

**(iv) Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(v) Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in certain circumstances, such as default, insolvency, bankruptcy or termination of a contract.

**(d) Trade receivables**

Trade receivables are amounts due from sale of goods in the ordinary course of business. If collection of trade receivables is expected in one year or less (or any in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

**(e) Cash and cash equivalents**

Cash and cash equivalents include cash at bank and on hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**(g) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**(h) Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the subsidiaries of the Group which does not have recent third-party financing, and
- makes adjustments specific to the lease, such as: term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group generally does not have any early termination options. However, in case of certain leases the Group has extension option exercisable at the discretion of the Group, such extension options allow for operational flexibility in managing the Group's assets. Where the Group assesses at lease commencement date that it is reasonably certain to exercise the extension options, rentals during the extension period are included in determination of lease liability.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group does not present right-of-use assets separately in the statement of financial position, and include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

**(i) Finance income**

Finance income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**(j) Losses per share**

**(i) Basic losses per share**

Basic losses per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year/period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted losses per share*

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **3 FINANCIAL RISK MANAGEMENT**

#### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Group has in place controls to manage these risks to an acceptable level without affecting its business. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall risk management function focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group sets financial risk management policies in accordance with policies and procedures approved by the Board of Directors. The Board of Directors identifies and evaluates any financial risks in close co-operation with the Group's operating units and provides written principles for overall risk management.

Financial risk management of the Group is carried out by the finance department of the Group. The finance department undertakes regular reviews of risk management controls and procedures which are reported to the management.

(a) *Credit risk*

Credit risk of the Group mainly arises from its trade receivables, other receivables and cash and cash equivalents.

The Group has policies in place to ensure that sales on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Majority of the sales proceeds of the tungsten concentrate are collectible within a few days after delivery with the remaining balance on credit terms within 15 days from the issuance of final billing statement to the customers. Normally the Group does not require collaterals from trade debtors.

All the bank balances of the Group are held in reputable bank with sound creditability and other receivables are only made with counterparties with an appropriate credit history. The Group performs periodic credit evaluations of its counterparties.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision. The credit loss for trade receivables is assessed with similar risk characteristics on a pool basis mainly based on external credit rating information and consideration of current and future economic conditions.

*Expected credit loss ("ECL") of financial assets at amortized cost other than trade receivables*

Impairment on financial assets at amortized cost other than trade receivables are measured using three-stages general approach ECL assessment, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit impaired, the financial instrument is included in stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in the following section of “judgment of significant increase in credit risk”.
- Stage 3: If the financial instruments are credit-impaired, the financial instruments are included in stage 3. The definition of credit-impaired financial assets is disclosed in the following section of “the definition of credit-impaired assets”.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively.

The expected credit loss is the result of discounting the product of exposure at default, probabilities of default (“PD”) and loss given default (“LGD”). According to whether the credit risk has increased significantly or whether the assets have been impaired, the Group measures the loss allowance with the expected credit losses of 12-month or the lifetime due to the credit risk characteristics of different assets.

#### *Judgment of significant increase in credit risk (“SICR”)*

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk when determining the ECL staging for financial assets. Major factors being considered include solvency and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with those at initial recognition.

The Group sets quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgment criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc.

#### *The definition of credit-impaired assets*

Under HKFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debt has overdue for more than 90 days after the contract payment date.
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor’s financial difficulties, where such concessions are normally reluctant to be made by the lender.
- The debtor has significant financial difficulties.
- The debtor is likely to go bankrupt or needs other financial restructuring.

The credit impairment of financial assets may be caused by the joint effects of multiple events and may not be caused by separately identifiable events.

#### *Forward-looking information*

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results.



Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

#### *Credit risk exposure of financial assets*

Without considering the impact of collateral and other credit enhancement, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements.

Concentration of credit risk reflects the sensitivity of the Group's operating results to a particular customer, industry or geographic location.

The directors of the Company consider the probability of default upon initial recognition of an asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Company compares risk of a default occurring on the asset at the end of the reporting period with the risk of default as at the date of initial recognition. The indicators incorporated included actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations; actual or expected significant changes in the operating results of the counterparty; and significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

#### *Trade receivables*

The Group assesses the expected credit losses on trade receivable based on external credit rating information of the debtors and consideration of current and future economic conditions. To measure the expected credit losses, trade receivables have been grouped with similar risk characteristics and, collectively or individually, assessing them for likelihood of recovery.

For trade receivables relating to accounts in which there are objective evidence that the debtor faces significant financial difficulties or significant doubt on the collectability, they are assessed individually for impairment allowance.

No loss allowances were provided on trade receivables as the directors are of the opinion that the risk of default by the counterparty is not significant, taking into account forward-looking information on macroeconomics factors.

#### *Cash and cash equivalents*

As at December 31, 2022, 2023 and 2024 and June 30, 2025, all of the Group's cash at bank was placed with reputable banks with sound credit quality, no recent history of default and there was no increase in credit risk of these financial institutions. Accordingly, management does not expect that there would be any losses from non-performance by these financial institutions and the credit risk related to cash and cash equivalents was remote and no provision for allowance is made.

#### *Other receivables*

As at December 31, 2022, 2023 and 2024 and June 30, 2025, all of the other receivables of the Group are considered at stage 1 in accordance with HKFRS 9 and there are no significant increase in credit risk of the counterparties. Accordingly, management considered that the exposure to loss arising from the non-performance by the counterparties were minimal and no provision for allowance is made.

#### *Amounts due from subsidiaries*

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company has assessed that the expected loss rate for amounts due from its subsidiaries were low as the Company did not expect there are significant difficulty for its subsidiaries to meet their obligations in the future. Thus the loss allowance is immaterial and no loss allowance provision for amounts due from subsidiaries was recognized during the Track Record Period.

(b) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through facilities provided by banks as well as the provision of sufficient financial support by its shareholders.

The tables below analyze the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At December 31, 2022</b>						
Amounts due to shareholders . . . . .	188,438	–	–	–	188,438	185,269
Other payables (excluding employee benefit payables and other tax payable and asset retirement obligation) . . . . .	30,753	8,682	6,405	–	45,840	44,044
Borrowings . . . . .	3,902	7,040	252,259	138,764	401,965	381,346
Lease liabilities . . . . .	112	–	–	–	112	112
	<u>223,205</u>	<u>15,722</u>	<u>258,664</u>	<u>138,764</u>	<u>636,355</u>	<u>610,771</u>
<b>At December 31, 2023</b>						
Amounts due to shareholders . . . . .	33,397	–	–	–	33,397	32,268
Other payables (excluding employee benefit payables and other tax payable and asset retirement obligation) . . . . .	25,130	33,838	27,248	–	86,216	78,781
Borrowings . . . . .	69,058	116,513	1,679,193	–	1,864,764	1,619,933
	<u>127,585</u>	<u>150,351</u>	<u>1,706,441</u>	<u>–</u>	<u>1,984,377</u>	<u>1,730,982</u>
<b>At December 31, 2024</b>						
Amounts due to shareholders . . . . .	59,701	–	–	–	59,701	57,951
Other payables (excluding employee benefit payables and other tax payable and asset retirement obligation) . . . . .	70,055	28,934	3,353	–	102,342	99,627
Borrowings . . . . .	239,630	249,721	1,305,059	–	1,794,410	1,655,029
	<u>369,386</u>	<u>278,655</u>	<u>1,308,412</u>	<u>–</u>	<u>1,956,453</u>	<u>1,812,607</u>
<b>At June 30, 2025</b>						
Trade payables . . . . .	76,199	–	–	–	76,199	76,199
Amounts due to shareholders . . . . .	71,790	–	–	–	71,790	69,652
Other payables (excluding employee benefit payables and other tax payable and asset retirement obligation) . . . . .	59,001	38,463	–	–	97,464	93,703
Borrowings . . . . .	336,416	570,612	1,095,894	–	2,002,922	1,895,083
	<u>543,406</u>	<u>609,075</u>	<u>1,095,894</u>	<u>–</u>	<u>2,248,375</u>	<u>2,134,637</u>

(c) *Market risk*

(i) *Foreign exchange risk*

The Group's foreign currency transactions are mainly denominated in Euro ("EUR"), RMB, United States dollar ("US\$") and Kazakhstan Tenge ("KZT"). Foreign exchange risk arises when future commercial transactions or recognized monetary assets or liabilities of a group entity are denominated in a currency other than its functional currency.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against EUR, RMB, US\$ and KZT and to mitigate the impact on exchange rate fluctuations. During the Track Record Period, no forward foreign exchange contracts had been entered into by the Group.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group's major monetary assets/liabilities are dominated in the following currencies, other than HK\$:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Monetary assets				
denominated in				
EUR . . . . .	774	449,084	2,246	197
RMB . . . . .	26,027	1,981	38,275	70,731
US\$ . . . . .	67,458	26,247	141	7,764
KZT . . . . .	6,004	442	1,014	2,991
Monetary liabilities				
denominated in				
EUR . . . . .	391,106	1,625,692	1,532,025	1,715,661
RMB . . . . .	33,960	68,754	230,293	285,339
US\$ . . . . .	102,796	19,979	21,446	29,797
KZT . . . . .	14,538	24,332	28,754	85,974

During the years ended December 31, 2022, 2023 and 2024, the Group is primarily exposed to foreign exchange risk with respect to EUR, US\$ and RMB against HK\$, the functional currency of the Company, and EUR, US\$ and RMB against KZT, the functional currency of the subsidiary operates Boguty tungsten mine. During the six months ended June 30, 2025, the Group is primarily exposed to foreign exchange risk with respect to EUR, US\$ and RMB against HK\$, the functional currency of the Company, and EUR, US\$ and KZT against RMB, the functional currency of the subsidiary operates Boguty tungsten mine. The net exposure of foreign exchange risk were listed below:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net amounts of monetary				
assets/(liabilities)				
denominated in the				
following currencies				
against HK\$				
EUR . . . . .	(5,740)	(23,676)	62,415	129,713
RMB . . . . .	25,146	(439)	15,558	(72,462)
US\$ . . . . .	118,311	217,057	216,078	222,919

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net amounts of monetary assets/(liabilities) denominated in the following currencies against KZT				
EUR . . . . .	(384,439)	(1,151,137)	(1,590,099)	N/A
RMB . . . . .	(30,736)	(66,255)	(182,296)	N/A
US\$ . . . . .	<u>(154,316)</u>	<u>(210,787)</u>	<u>(237,329)</u>	<u>N/A</u>

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net amounts of monetary assets/(liabilities) denominated in the following currencies against RMB				
EUR . . . . .	N/A	N/A	N/A	(1,842,546)
US\$ . . . . .	N/A	N/A	N/A	(244,873)
KZT . . . . .	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(85,296)</u>

The sensitivity of profit or loss to changes in the exchange rates of foreign currencies against HK\$, KZT and RMB are as below.

	Decrease/(increase) on loss for the year/period ended			
	December 31,			June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange of the following currencies against HK\$:				
EUR – increase 10% . . . . .	(574)	(2,368)	6,242	12,971
– decrease 10% . . . . .	574	2,368	(6,242)	(12,971)
RMB – increase 5% . . . . .	1,257	(22)	(778)	(3,623)
– decrease 5% . . . . .	(1,257)	22	778	3,623
Exchange of the following currencies against KZT:				
EUR – increase 10% . . . . .	(38,444)	(115,114)	(159,010)	N/A
– decrease 10% . . . . .	38,444	115,114	159,010	N/A
US\$ – increase 10% . . . . .	(15,432)	(21,079)	(23,733)	N/A
– decrease 10% . . . . .	15,432	21,079	23,733	N/A
RMB – increase 10% . . . . .	(3,074)	(6,626)	(18,230)	N/A
– decrease 10% . . . . .	3,074	6,626	18,230	N/A
Exchange of the following currencies against RMB:				
EUR – increase 10% . . . . .	N/A	N/A	N/A	(184,255)
– decrease 10% . . . . .	N/A	N/A	N/A	184,255
US\$ – increase 5% . . . . .	N/A	N/A	N/A	(12,244)
– decrease 5% . . . . .	N/A	N/A	N/A	12,244
KZT – increase 10% . . . . .	N/A	N/A	N/A	8,530
– decrease 10% . . . . .	N/A	N/A	N/A	(8,530)

The fluctuation of the exchange rate of US\$ against HK\$ has insignificant impact on the financial performance of the Group as HK\$ exchange rate remains stable within a band against US\$ due to Hong Kong linked exchange rate system.

(ii) *Interest rate risk*

The Group has no significant interest-bearing assets except for cash and cash equivalents, details of which have been disclosed in Note 18.

Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The exposure of the Group's borrowings to interest rate changes of the borrowings at the end of each reporting period are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Variable rate borrowings . . . .	–	1,222,770	1,147,303	1,302,775
Fixed rate borrowings – maturity dates:				
Less than 1 year . . . . .	–	3,246	184,643	279,093
1 – 5 years . . . . .	244,710	393,917	323,083	313,215
Over 5 years . . . . .	136,636	–	–	–
	<u>381,346</u>	<u>1,619,933</u>	<u>1,655,029</u>	<u>1,895,083</u>

During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, should the interest rate of borrowings with floating rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalization, the finance costs of the Group would be increased/decreased by approximately nil, HK\$2,779,000, HK\$5,997,000, HK\$2,986,000 and HK\$2,975,000, respectively.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

### 3.2 Capital risk management

The Group's main objective when managing capital is to maximize shareholders' returns and at the same time conduct its business within prudent guidelines. Management strives to maintain an optimal capital structure so as to maximize shareholder value. To achieve this, the Group may adjust the amount of dividend payment, issuance of new shares and new debt as well as obtain financial support from its immediate holding companies.

The Group also monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities, borrowings and amounts due to shareholders less cash and cash equivalents. Total capital is calculated as "Total equity/(deficit)", as shown in the consolidated statements of financial position plus net debt.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the gearing ratio was as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lease liabilities . . . . .	112	–	–	–
Borrowings . . . . .	381,346	1,619,933	1,655,029	1,895,083
Amounts due to shareholders . . . .	185,269	32,268	57,951	69,652
Less: Cash and cash equivalents . . .	(99,496)	(476,687)	(41,440)	(32,662)
Net debt . . . . .	467,231	1,175,514	1,671,540	1,932,073
Total equity/(deficits) . . . . .	31,046	146,366	(13,087)	(29,894)
Total capital . . . . .	<u>498,277</u>	<u>1,321,880</u>	<u>1,658,453</u>	<u>1,902,179</u>
Gearing ratio . . . . .	<u>94%</u>	<u>89%</u>	<u>101%</u>	<u>102%</u>

The decrease in the gearing ratio as at December 31, 2023 was mainly due to the capital contributions from the shareholders (Note 19).

The increase in the gearing ratio as at December 31, 2024 was mainly due to increase in borrowings (Note 21) and decrease in equity due to loss incurred for the year.

The increase in the gearing ratio as at June 30, 2025 was mainly due to increase in borrowings (Note 21) and increase in deficit due to loss incurred for the period.

### **3.3 Fair value estimation**

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group did not have any financial instruments that are measured at fair value in the consolidated statements of financial position.

The directors of the Company consider that, except for the borrowings (Note 21), the carrying amounts of financial assets and liabilities recorded at amortized cost in the consolidated statements of financial position approximate their fair values due to their short maturity.

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Group makes estimates, judgments and assumptions concerning the future. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

### **(a) Impairment of non-financial assets**

The Group assesses at the end of each reporting period whether there are any indicators of impairment for all non-financial assets. Management's judgments are required in assessing whether an event has occurred that may indicate that the related asset values may not be recoverable. Internal and external sources of information are reviewed at each reporting date for indications.

For the impairment indication assessment undertaken on the property, plant and equipment, subsurface use rights, and the related prepayments to contractors and suppliers for the construction of mining assets and deductible value-added tax, below external and internal sources of information was considered:

- (a) observable indications that the asset's value has declined significantly more than expected.
- (b) significant changes with an adverse effect in the technological, market, economic or legal environment.
- (c) market interest rates have increased and those increases are likely to affect the asset's recoverable amount materially.
- (d) the carrying amount of the net assets of the entity is more than its market capitalization.
- (e) evidence is available of obsolescence or physical damage of an asset.
- (f) significant changes with an adverse effect including the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful.
- (g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Additionally, the Group also considered the indicators specifically for exploration and evaluation assets:

- (a) the period for which the entity 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;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- (c) 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 entity has decided to discontinue such activities in the specific area;
- (d) 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.

The non-financial assets (other than goodwill) are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions at arm's length of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate to calculate the present values of those cash flows.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group assessed each of the above factors and concluded that there is no indicators of impairment for the non-financial assets including property, plant and equipment (Note 13), subsurface use rights (Note 14), prepayments to contractors and suppliers (Note 17) and deductible value-added tax (Note 17).

#### **(b) Provisions for asset retirement obligations**

Asset retirement obligations which meet the criteria of provisions are recognized as provisions and the amount recognized is the present value of the estimated future expenditure relating to the rehabilitation, restoration and dismantling of areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. The estimated future expenditures include the cost of recontouring, top soiling and revegetation to meet legislative requirements and are determined in accordance with assets conditions and legal requirements.

Uncertainty exists as to the amount of asset retirement obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates.

#### **(c) Current and deferred income tax**

The Group is subject to income taxes in different tax jurisdiction. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the year/period in which such estimate is charged. During the six months ended June 30, 2025, the Group recognized deferred assets on tax losses based on its estimation of the amounts of future taxable profits upon the commencement of commercial production of the Boguty tungsten mine.

## **5 SEGMENT INFORMATION AND REVENUE**

The Group is principally engaged in the exploration, development and mining of production of Tungsten ore in Kazakhstan. CODM reviews the operating results of the business as one operating segment to make decisions about resources to be allocated as the Group currently focus on the operation of its Boguty tungsten mine. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

The Group's non-current assets were primarily located in Kazakhstan and therefore no geographical information is presented.



During the Track Record Period, the Group recognized the following revenue:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Sales of tungsten concentrate – recognized at a point in time . . . . .	=	=	=	=	<u>126,313</u>

For the six months ended June 30, 2025, all of the Group's revenue were derived from transactions with a single customer.

## 6 EXPENSES BY NATURE

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Consumables costs . . . . .	–	–	–	–	93,670
Stripping costs . . . . .	–	–	–	–	44,656
Energy costs . . . . .	–	–	–	–	16,566
Employee benefit expenses (including directors' emoluments) (Note 8) . .	26,172	26,818	39,542	14,367	39,956
Changes in finished goods and work in progress. . .	–	–	–	–	(90,244)
Listing expenses . . . . .	557	19,077	11,535	7,450	13,462
Mining evaluation expenses . . . . .	–	431	466	466	–
Insurance expenses . . . . .	1,435	3,214	3,193	1,664	1,622
Traveling and business conference expenses . . .	3,110	2,922	3,266	1,187	1,967
Legal and professional fees . . . . .	2,847	2,537	3,412	916	1,125
Depreciation (Note 13) . . .	723	1,658	1,845	874	25,653
Amortization (Note 14) . . .	–	–	–	–	69
Contribution to local community . . . . .	526	3,768	3,079	606	8
Auditors' remuneration . . .	820	820	738	410	410
Office expenses . . . . .	839	674	754	232	4,091
Short-term lease expenses . .	925	563	919	309	473
Transportation and delivery cost . . . . .	–	–	–	–	774
Others . . . . .	<u>3,107</u>	<u>5,372</u>	<u>7,191</u>	<u>4,760</u>	<u>14,573</u>
	<u>41,061</u>	<u>67,854</u>	<u>75,940</u>	<u>33,241</u>	<u>168,831</u>

## 7 OTHER GAINS/LOSSES, NET

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Foreign exchange losses, net (note 9(a)) . . . . .	(32,511)	(9,555)	(84,813)	(30,502)	(25,158)
Others . . . . .	(1,518)	118	1,064	344	(2,042)
	<u>(34,029)</u>	<u>(9,437)</u>	<u>(83,749)</u>	<u>(30,158)</u>	<u>(27,200)</u>

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Wages, salaries and bonuses . . . . .	17,508	17,086	31,208	10,252	30,566
Staff welfare expenses . . .	2,634	3,122	4,195	1,927	4,574
Pensions (note (a)) . . . . .	2,206	2,630	1,306	526	1,428
Other social security costs, housing benefits. . . . .	3,824	3,980	2,833	1,662	3,388
	<u>26,172</u>	<u>26,818</u>	<u>39,542</u>	<u>14,367</u>	<u>39,956</u>
Less: Staff cost capitalized as inventories . . . . .	—	—	—	—	(4,633)
	<u>26,172</u>	<u>26,818</u>	<u>39,542</u>	<u>14,367</u>	<u>35,323</u>

### (a) Pensions — defined contribution plans

The Group provides retirement benefits to all eligible Hong Kong employees under the Mandatory Provident Fund ("MPF Scheme"). Under the MPF Scheme, the Group and its employees make monthly contributions to the MPF Scheme at 5% of the employees' salaries as defined under the Mandatory Provident Fund legislation. Contributions of both the Hong Kong subsidiaries and their employees are subject to a maximum of HK\$1,500 per month and thereafter contributions are voluntary and are not subject to any limitation. The MPF Scheme is administered by an independent trustee and its assets are held separately from those of the Group.

In accordance with the legal requirements of Kazakhstan, the Group withholds pension contribution from employees' salary and transfers them to the Unified Accumulative Pension Fund. Upon retirement of employees, all pension payments are administered by Unified Accumulative Pension Fund.

As stipulated by rules and regulations in the People's Republic of China ("PRC"), the Group contributes to state-sponsored retirement schemes for its employees in the PRC. The Group's Chinese employees make monthly contributions to the scheme's certain percentage of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group also contributes certain percentage of such relevant income, subject to certain ceiling and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the Track Record Period including 1 director for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively whose emoluments are reflected in the analysis shown in Note (c) below.

The emoluments paid and payables to the remaining four highest paid individuals for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Salaries, wages, and					
bonuses . . . . .	4,203	3,483	4,088	1,490	1,899
Pension . . . . .	345	341	382	33	28
Other social security costs,					
housing benefits. . . . .	244	260	272	70	38
	<u>4,792</u>	<u>4,084</u>	<u>4,742</u>	<u>1,593</u>	<u>1,965</u>

The remunerations of the four highest paid non-director individuals during the Track Record Period fell within the following bands:

	Number of individuals				
	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(Unaudited)				
Emolument bands					
Nil – HK\$500,000 . . . . .	–	–	–	4	3
HK\$500,001 –					
HK\$1,000,000 . . . . .	–	–	–	–	1
HK\$1,000,001 –					
HK\$1,500,000 . . . . .	3	4	4	–	–
HK\$1,500,001 –					
HK\$2,000,000 . . . . .	1	–	–	–	–
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

(c) Directors' emoluments

The emoluments of each director of the Company during the Track Record Period are as follows:

	Fees	Salary, allowances and benefits in kind (i)	Discretionary bonus	Contributions to retirement benefits scheme	Others emoluments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended</b>						
<b>December 31, 2022</b>						
<b>Chairman of the Board and Executive Director</b>						
Liu Liqiang . . . . .	–	–	–	18	639	657
<b>Executive Director</b>						
Wang Zhongwei . . . . .	–	731	663	94	50	1,538
Qiu Huaizhi . . . . .	–	475	–	49	66	590
<b>Non-executive Directors</b>						
Lian Jie (i) . . . . .	–	–	–	–	–	–
Shu Zhiming (ii) . . . . .	–	–	–	–	–	–
Zha Keping . . . . .	–	–	–	–	–	–
	–	1,206	663	161	755	2,785
	=	=	=	=	=	=
<b>Year ended</b>						
<b>December 31, 2023</b>						
<b>Chairman of the Board and Executive Director</b>						
Liu Liqiang . . . . .	–	–	–	18	633	651
<b>Executive Director</b>						
Wang Zhongwei . . . . .	–	690	537	119	54	1,400
Qiu Huaizhi . . . . .	–	488	–	48	69	605
<b>Non-executive Directors</b>						
Zha Keping . . . . .	–	–	–	–	–	–
Lian Jie (i) . . . . .	–	–	–	–	–	–
	–	1,178	537	185	756	2,656
	=	=	=	=	=	=
<b>Year ended</b>						
<b>December 31, 2024</b>						
<b>Chairman of the Board and Executive Director</b>						
Liu Liqiang . . . . .	–	2	–	18	630	650
<b>Executive Director</b>						
Wang Zhongwei . . . . .	–	697	646	122	47	1,512
Qiu Huaizhi . . . . .	–	552	–	30	140	722
<b>Non-executive Directors</b>						
Zha Keping . . . . .	–	–	–	–	–	–
Lian Jie (i) . . . . .	–	–	–	–	–	–
	–	1,251	646	170	817	2,884
	=	=	=	=	=	=

	Fees	Salary, allowances and benefits in kind (i)	Discretionary bonus	Contributions to retirement benefits scheme	Others emoluments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)						
<b>Six months ended</b>						
<b>June 30, 2024</b>						
<b>Chairman of the Board and Executive Director</b>						
Liu Liqiang . . . . .	–	–	–	9	217	226
<b>Executive Director</b>						
Wang Zhongwei . . . . .	–	293	249	47	10	599
Qiu Huaizhi . . . . .	–	242	–	17	29	288
<b>Non-executive Directors</b>						
Zha Keping . . . . .	–	–	–	–	–	–
Lian Jie (i) . . . . .	–	–	–	–	–	–
	–	535	249	73	256	1,113
	=	=	=	=	=	=
<b>Six months ended</b>						
<b>June 30, 2025</b>						
<b>Chairman of the Board and Executive Director</b>						
Liu Liqiang . . . . .	–	–	–	9	312	321
<b>Executive Director</b>						
Wang Zhongwei . . . . .	–	325	308	52	11	696
Qiu Huaizhi . . . . .	–	284	–	14	3	301
<b>Non-executive Directors</b>						
Zha Keping . . . . .	–	–	–	–	–	–
Lian Jie (i) . . . . .	–	–	–	–	–	–
	–	609	308	75	326	1,318
	=	=	=	=	=	=

Salaries paid to a director is generally emoluments paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings. Allowance and benefits includes housing allowances and other benefits.

- (i) Lian Jie was appointed on June 14, 2022.
- (ii) Shu Zhiming was resigned on June 14, 2022.

**(d) Directors' retirement and termination benefits**

None of the directors received or will receive any retirement and termination benefits during the Track Record Period.

**(e) Consideration provided to third parties for making available directors' services.**

During the Track Record Period, no consideration was provided to or receivable by any third parties for making available directors' services.

**(f) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors.**

No other loans, quasi-loans and other dealing arrangements in favor of the directors, or controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(g) **Directors' material interests in transactions, arrangements or contracts.**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

**9 FINANCE INCOME/(COSTS), NET**

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
<b>Finance income:</b>					
Interest income on deposits in financial institutions . . . . .	5,293	1,908	78	70	19
<b>Finance costs:</b>					
Interest expenses					
(note (b)) . . . . .	(29,224)	(40,239)	(86,722)	(37,892)	(34,997)
Unwinding of discount . . . . .	(311)	(4,057)	(2,269)	(3,652)	(268)
Foreign exchange losses, net . . . . .	(583)	(9,155)	(107,771)	—	(93,111)
	(30,118)	(53,451)	(196,762)	(41,544)	(128,376)
Less: Amount capitalized (note (a)) . . . . .	5,465	48,705	179,844	39,904	108,520
	(24,653)	(4,746)	(16,918)	(1,640)	(19,856)
<b>Finance income/(costs), net . . . . .</b>	<b>(19,360)</b>	<b>(2,838)</b>	<b>(16,840)</b>	<b>(1,570)</b>	<b>(19,837)</b>

**Notes:**

- (a) During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, interest expenses and foreign exchange losses of approximately HK\$5,465,000, HK\$48,705,000, HK\$179,844,000, HK\$39,904,000 and HK\$108,520,000, respectively were capitalized into property, plant and equipment in relation to the borrowings specifically financed for the construction of mining assets of the Group.

During the six months ended June 30, 2025, the construction of the mining assets of the Group was substantially completed and ready for their intended use. Accordingly, no further capitalization of interest expenses and foreign exchange in relation of the completed construction accordingly.

- (b) During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, interest expenses in respect of the lease liabilities of HK\$12,000, nil, nil, nil and nil, respectively were included in finance costs.

## 10 INCOME TAX

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year. Income tax recognized during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
<b>Income tax credit</b>					
Deferred tax . . . . .	=	=	=	=	<u>82,566</u>

### (a) Income tax expenses

#### (i) Hong Kong profits tax

The Company was incorporated in Hong Kong and is subject to Hong Kong profit tax at an applicable rate of 16.5% during the Track Record Period.

#### (ii) Kazakhstan profits tax

The subsidiaries in Kazakhstan are subject to Kazakhstan profits tax at an applicable rate of 20% during the Track Record Period.

#### (iii) PRC corporate income tax

The subsidiary established in the PRC is subject to PRC corporate income tax at an applicable rate of 25% during the Track Record Period.

#### (iv) Luxembourg corporate income tax

The subsidiary established in Luxembourg is subject to the general Luxembourg corporate income tax at an applicable rate of 15% during the Track Record Period.

- (b) The income tax expense on the Group's loss before income tax differs from the theoretical amount that would arise using the profit tax rate in Hong Kong as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Loss before income tax. . .	<u>(94,450)</u>	<u>(80,129)</u>	<u>(176,529)</u>	<u>(64,969)</u>	<u>(89,555)</u>
Tax calculated at a tax rate of 16.5% . . . . .	(15,584)	(13,221)	(29,127)	(10,720)	(14,777)
Effect of different tax rates of subsidiaries operating in other jurisdictions . . .	(762)	(1,190)	(3,970)	(1,538)	(1,170)
Expenses not deductible for tax purposes . . . . .	5,887	3,547	2,529	228	3,464
Income not subject to tax . .	(938)	(5,338)	–	–	(3,320)
Deferred income tax assets on taxable losses not recognized . . . . .	11,397	16,202	30,568	12,030	5,765
Recognition and utilization of deferred income tax assets previously not recognized . . . . .	–	–	–	–	<u>(72,528)</u>
Income tax expense . . . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(82,566)</u>



During the six months ended June 30, 2025, the Group recognized deferred tax assets on tax losses carried forward as management considers it is probable that future taxable profits will be available to realize the related tax benefit upon the commencement of commercial production of Boguty tungsten mine. Apart from that, as at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had the following unutilized tax losses available for offsetting against future profits of which no deferred income tax assets were recognized. The expiry period of these tax losses are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 5 years . . . . .	25,714	23,379	23,653	–
Within 10 years . . . . .	39,543	82,239	191,882	1,700
No expiry date . . . . .	154,781	209,277	261,279	294,159
	<u>220,038</u>	<u>314,895</u>	<u>476,814</u>	<u>295,859</u>

## 11 LOSSES PER SHARE

### (a) Basic losses per share

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period:

		Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
					(Unaudited)	
Losses attributable to the equity holders of the Company . . . . .	HK\$'000	(93,661)	(78,920)	(172,970)	(63,617)	(5,996)
Weighted average number of ordinary shares in Issue . . . . .	Share	<u>11,765</u>	<u>11,765</u>	<u>11,765</u>	<u>11,765</u>	<u>11,765</u>
Basic losses per share . . . . .	HK\$	<u>(7,961)</u>	<u>(6,708)</u>	<u>(14,702)</u>	<u>(5,407)</u>	<u>(510)</u>

### (b) Diluted losses per share

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

There are no potential dilutive ordinary shares, and the diluted losses per share are equal to the basic losses per share.

The basic and diluted loss per share information as presented above has not taken into account the proposed share subdivision pursuant to the shareholders' resolution passed on August 15, 2025 because the proposed share subdivision has not become effective as of the date of this accountant's report.

## 12 DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period.

### 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructures	Mining development assets	Exploration and evaluation assets	Right-of-use assets – office premises	Motor vehicles, computers and office equipment	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At January 1, 2022</b>							
Cost . . . . .	-	-	18,924	1,091	3,349	41,076	64,440
Accumulated depreciation . . . . .	-	-	-	(882)	(307)	-	(1,189)
Net book amount . . . . .	-	-	18,924	209	3,042	41,076	63,251
<b>Year ended December 31, 2022</b>							
Opening net book amount . . . . .	-	-	18,924	209	3,042	41,076	63,251
Additions . . . . .	-	11,114	4,670	-	2,748	191,703	210,235
Transfer (note (a)) . . . . .	619	22,467	(22,467)	-	1,204	(1,823)	-
Depreciation (Note 6) . . . . .	-	-	-	(95)	(628)	-	(723)
Disposal . . . . .	-	-	-	-	(1,225)	-	(1,225)
Currency translation differences . . . . .	(3)	(157)	(1,127)	(13)	(198)	(2,599)	(4,097)
Closing net book amount . . . . .	616	33,424	-	101	4,943	228,357	267,441
<b>At December 31, 2022</b>							
Cost . . . . .	616	33,424	-	1,022	5,846	228,357	269,265
Accumulated depreciation . . . . .	-	-	-	(921)	(903)	-	(1,824)
Net book amount . . . . .	616	33,424	-	101	4,943	228,357	267,441
<b>Year ended December 31, 2023</b>							
Opening net book amount . . . . .	616	33,424	-	101	4,943	228,357	267,441
Additions . . . . .	36	60,348	-	-	2,043	668,712	731,139
Transfer . . . . .	9,743	-	-	-	-	(9,743)	-
Depreciation (Note 6) . . . . .	(637)	-	-	-	(1,021)	-	(1,658)
Disposal . . . . .	-	-	-	(102)	-	-	(102)
Currency translation differences . . . . .	23	-633	-	1	69	4,147	4,873
Closing net book amount . . . . .	9,781	94,405	-	-	6,034	891,473	1,001,693
<b>At December 31, 2023</b>							
Cost . . . . .	10,418	94,405	-	-	7,970	891,473	1,004,266
Accumulated depreciation . . . . .	(637)	-	-	-	(1,936)	-	(2,573)
Net book amount . . . . .	9,781	94,405	-	-	6,034	891,473	1,001,693
<b>Year ended December 31, 2024</b>							
Opening net book amount . . . . .	9,781	94,405	-	-	6,034	891,473	1,001,693
Additions . . . . .	509	2,594	-	-	849	715,237	719,189
Depreciation (Note 6) . . . . .	(644)	-	-	-	(1,201)	-	(1,845)
Currency translation differences . . . . .	(1,332)	(13,279)	-	-	(763)	(208,911)	(224,285)
Closing net book amount . . . . .	8,314	83,720	-	-	4,919	1,397,799	1,494,752
<b>At December 31, 2024</b>							
Cost . . . . .	9,438	83,720	-	-	7,696	1,397,799	1,498,653
Accumulated depreciation . . . . .	(1,124)	-	-	-	(2,777)	-	(3,901)
Net book amount . . . . .	8,314	83,720	-	-	4,919	1,397,799	1,494,752

	Buildings and infrastructures	Mining development assets	Machinery	Right-of-use assets – office premises	Motor vehicles, computers and office equipment	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)							
At January 1, 2024							
Cost . . . . .	10,418	94,405	-	-	7,970	891,473	1,004,266
Accumulated depreciation . . . . .	(637)	-	-	-	(1,936)	-	(2,573)
Net book amount . . . . .	9,781	94,405	-	-	6,034	891,473	1,001,693
Six months ended June 30, 2024							
Opening net book amount . . . . .	9,781	94,405	-	-	6,034	891,473	1,001,693
Additions . . . . .	-	439	-	-	574	272,918	273,931
Depreciation . . . . .	(308)	-	-	-	(566)	-	(874)
Currency translation differences . . . . .	(338)	(3,431)	-	-	(217)	(42,250)	(46,236)
Closing net book amount . . . . .	9,135	91,413	-	-	5,825	1,122,141	1,228,514
(Unaudited)							
At June 30, 2024							
Cost . . . . .	10,043	91,413	-	-	8,235	1,122,141	1,231,832
Accumulated depreciation . . . . .	(908)	-	-	-	(2,410)	-	(3,318)
Net book amount . . . . .	9,135	91,413	-	-	5,825	1,122,141	1,228,514
At January 1, 2025							
Cost . . . . .	9,438	83,720	-	-	7,696	1,397,799	1,498,653
Accumulated depreciation . . . . .	(1,124)	-	-	-	(2,777)	-	(3,901)
Net book amount . . . . .	8,314	83,720	-	-	4,919	1,397,799	1,494,752
Six months ended June 30, 2025							
Opening net book amount . . . . .	8,314	83,720	-	-	4,919	1,397,799	1,494,752
Additions . . . . .	153	671	1,144	-	1,947	123,342	127,257
Transfer upon completion of construction (note (b)). . . . .	1,299,054	19,405	191,559	-	938	(1,510,956)	-
Depreciation . . . . .	(18,197)	(739)	(6,153)	-	(564)	-	(25,653)
Written off. . . . .	-	-	-	-	(412)	-	(412)
Currency translation differences . . . . .	40,484	5,424	5,826	-	343	37,146	89,223
Closing net book amount . . . . .	1,329,808	108,481	192,376	-	7,171	47,331	1,685,167
At June 30, 2025							
Cost . . . . .	1,349,018	109,214	198,503	-	10,520	47,331	1,714,586
Accumulated depreciation . . . . .	(19,210)	(733)	(6,127)	-	(3,349)	-	(29,419)
Net book amount . . . . .	1,329,808	108,481	192,376	-	7,171	47,331	1,685,167

**Notes:**

- (a) During the year ended December 31, 2022, the exploration and evaluation assets have been transferred to mining development assets as the technical feasibility and commercial viability of the development of the area of interest was fully completed and the construction and development of the mining properties have substantially commenced.
- (b) During the six months ended June 30, 2025, the Group substantially completed the construction of the mining infrastructure of the Boguty tungsten mine in Kazakhstan.
- (c) Depreciation charges of HK\$723,000, HK\$1,658,000, HK\$1,845,000 and HK\$874,000 were included in administrative expenses during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024, respectively. Depreciation charges of HK\$928,000 and HK\$24,725,000 were included in administrative expenses and cost of sales, respectively during the six months ended June 30, 2025.

#### 14 SUBSURFACE USE RIGHTS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
<b>At January 1</b>					
Cost . . . . .	12,283	11,498	11,683	11,683	10,075
Accumulated amortization . . . . .	—	—	—	—	—
Net book amount . . . . .	<u>12,283</u>	<u>11,498</u>	<u>11,683</u>	<u>11,683</u>	<u>10,075</u>
<b>Year ended</b>					
<b>December 31/Six</b>					
<b>months ended June 30</b>					
Opening net book amount . . . . .	12,283	11,498	11,683	11,683	10,075
Amortization (Note 6) . . . . .	—	—	—	—	(69)
Currency translation differences . . . . .	(785)	185	(1,608)	(422)	181
Closing net book amount . . . . .	<u>11,498</u>	<u>11,683</u>	<u>10,075</u>	<u>11,261</u>	<u>10,187</u>
<b>At December 31/June 30</b>					
Cost . . . . .	11,498	11,683	10,075	11,261	10,256
Accumulated amortization . . . . .	—	—	—	—	(69)
Net book amount . . . . .	<u>11,498</u>	<u>11,683</u>	<u>10,075</u>	<u>11,261</u>	<u>10,187</u>

#### 15 INVENTORIES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finished goods . . . . .	—	—	—	46,489
Raw materials (consumables, spare parts and others) . . . . .	—	—	5,367	48,122
Work in progress . . . . .	—	—	7,574	—
	—	—	12,941	94,611
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The cost of inventories amounting to HK\$78,100,000 was included in cost of sales during the six months ended June 30, 2025.

#### 16 TRADE RECEIVABLES

The Group's sales of tungsten concentrate are collectible by two instalments of which approximately 70% of the sales amount are generally collectible within a few days after start of delivery and the remaining balance is collectible within 15 days from the issuance of final billing statement to the customers.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Due from a customer — aging within 3 months based on recognition date . . . . .	—	—	—	47,087
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The carrying amounts of trade receivables approximate their fair values and are denominated in RMB.

No impairment loss has been recognized as the expected credit loss is considered minimal as at June 30, 2025 (Note 3.1(a)).

## 17 PREPAYMENTS, OTHER ASSETS AND OTHER RECEIVABLES

### The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Prepayments and other assets</b>				
<i>Included in non-current assets:</i>				
Prepayments to contractors and suppliers . . . . .	245,541	290,588	116,758	118,635
Deductible value-added tax . . . . .	24,693	105,737	149,276	174,270
Others . . . . .	1,230	3,639	2,094	10,801
	<u>271,464</u>	<u>399,964</u>	<u>268,128</u>	<u>303,706</u>
<i>Included in current assets:</i>				
Deferred listing expenses . . . . .	175	6,393	9,642	14,056
Prepayments to suppliers . . . . .	2,136	2,073	19,451	17,479
Prepaid insurance fees . . . . .	1,260	1,429	1,447	2,465
Others . . . . .	1,057	78	6,304	2,538
	<u>4,628</u>	<u>9,973</u>	<u>36,844</u>	<u>36,538</u>
	<u>276,092</u>	<u>409,937</u>	<u>304,972</u>	<u>340,244</u>
<b>Other receivables</b>				
<i>Included in current assets:</i>				
Interest receivable . . . . .	416	–	–	–
Others . . . . .	984	1,454	668	6,839
	<u>1,400</u>	<u>1,454</u>	<u>668</u>	<u>6,839</u>

### The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepaid insurance fees . . . . .	1,260	1,429	1,447	2,465
Deferred listing expenses . . . . .	175	6,393	9,642	14,056
Other receivables . . . . .	416	–	–	–
	<u>1,851</u>	<u>7,822</u>	<u>11,089</u>	<u>16,521</u>

The carrying amounts of other receivables as at December 31, 2022, 2023 and 2024 and June 30, 2025 approximate their fair values.

Other receivables were unsecured, interest-free with no fixed term of repayments.

## 18 CASH AND CASH EQUIVALENTS

### The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at bank and in hand . . . . .	39,467	476,687	41,440	32,662
Time deposits with original maturities less than three months (note) . . . . .	60,029	—	—	—
	<u>99,496</u>	<u>476,687</u>	<u>41,440</u>	<u>32,662</u>
Denominated in:				
RMB . . . . .	25,186	871	38,029	21,703
US\$ . . . . .	67,327	26,249	141	7,765
KZT . . . . .	6,136	440	1,014	2,991
EUR . . . . .	773	449,084	2,246	197
HK\$ . . . . .	74	43	10	6
	<u>99,496</u>	<u>476,687</u>	<u>41,440</u>	<u>32,662</u>

### The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at bank . . . . .	31,586	10,574	2,258	9,049
Time deposits with original maturities less than three months (note) . . . . .	60,029	—	—	—
	<u>91,615</u>	<u>10,574</u>	<u>2,258</u>	<u>9,049</u>
Denominated in:				
US\$ . . . . .	65,746	7,888	18	7,706
RMB . . . . .	25,052	192	22	1,180
EUR . . . . .	743	2,451	2,207	157
HK\$ . . . . .	74	43	11	6
	<u>91,615</u>	<u>10,574</u>	<u>2,258</u>	<u>9,049</u>

Note: The effective interest rates of the time deposits with original maturities within three months of the Company for the years ended December 31, 2022 and 2023 are 2.82% and 3.53%, respectively.

## 19 SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
<b>Issued and fully paid</b>		
As at January 1, 2022 and December 31, 2022 . . . . .	11,765	267,254
Capital contributions in the year of 2023 . . . . .	—	198,399
<b>As at December 31, 2023 and December 31, 2024 and June 30, 2025 . . . . .</b>	<b>11,765</b>	<b>465,653</b>

The above share capital as at the end of each year comprised of the following registered amounts, which were translated into HK\$ at the transaction rate:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
Amount registered in:				
– HK\$'000 . . . . .	10	10	465,653	465,653
– RMB'000 . . . . .	220,588	395,588	—	—

### Notes:

- (i) Pursuant to a resolution of the shareholders' meeting passed on February 15, 2023, the share capital was increased through
  - (a) capitalization of amounts of RMB75,863,000 (approximately HK\$86,006,000) and RMB72,887,000 (approximately HK\$82,633,000) due from Ever Trillion and JCHK, respectively; and
  - (b) contribution by cash of RMB17,500,000 (approximately HK\$19,840,000) and RMB8,750,000 (approximately HK\$9,920,000) due from CRCCII and CCECC HK, respectively.

These contributions were made by the shareholders based on their respective holdings in the Company's share capital. There was no change in the number of shares.
- (ii) Pursuant to a written resolution of shareholders on January 24, 2024, the issued share capital of the Company of HK\$10,000 and RMB395,588,000 was converted and redenominated into HK\$465,653,000.
- (iii) Pursuant to a written resolution of shareholders on August 15, 2025, each ordinary share in issue of the Company be sub-divided into 28,000 ordinary shares immediately before the completion of the Listing (the "Share Subdivision"). Immediately following the Share Subdivision, the Company's number of Shares in issue would be changed from 11,765 to 329,420,000.

## 20 OTHER PAYABLES AND ACCRUALS

### The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Construction payables . . . . .	32,461	67,851	85,545	66,650
Asset retirement obligation . . . . .	2,505	12,637	13,291	13,530
Listing expense payables . . . . .	400	8,238	10,058	19,758
Employee benefit payables . . . . .	2,143	2,228	11,012	7,959
Accrual for loan arrangement fee . .	9,520	—	—	—
Other taxes payables . . . . .	9,462	9,241	9,243	7,053
Other accruals . . . . .	1,663	2,692	4,023	7,294
	<u>58,154</u>	<u>102,887</u>	<u>133,172</u>	<u>122,244</u>
Non-current portion . . . . .	20,777	70,937	46,708	51,922
Current portion . . . . .	37,377	31,950	86,464	70,322
	<u>58,154</u>	<u>102,887</u>	<u>133,172</u>	<u>122,244</u>
<b>The Company</b>				
Listing expense payables . . . . .	400	8,238	10,058	19,758
Employee benefit payables . . . . .	4	4	9,409	4,442
Accrual for loan arrangement fee . .	9,520	—	—	—
Other accruals . . . . .	702	2,049	3,215	1,730
	<u>10,626</u>	<u>10,291</u>	<u>22,682</u>	<u>25,930</u>

The carrying amounts of other payables and accruals as at December 31, 2022, 2023 and 2024 and June 30, 2025 approximate to their fair values.

## 21 BORROWINGS

### The Group and the Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current</b>				
– Secured bank loan denominated in Euro ( <i>Note (a)</i> ) . . . . .	381,346	1,616,687	1,470,386	1,615,989
<b>Current</b>				
– Secured bank loan denominated in Euro – current portion ( <i>Note (a)</i> ) .	—	3,246	47,408	84,702
– Secured bank loan denominated in RMB ( <i>Note (b)</i> ) . . . . .	—	—	31,170	30,408
– Unsecured bank loan denominated in RMB ( <i>Note (c)</i> ) . . . . .	—	—	106,065	163,984
	<u>—</u>	<u>3,246</u>	<u>184,643</u>	<u>279,094</u>
	<u>381,346</u>	<u>1,619,933</u>	<u>1,655,029</u>	<u>1,895,083</u>

#### (a) Secured bank loan — Euro

In September 2020, the Company entered into a loan agreement with a bank for a loan facility of EUR188 million for the purpose of financing the costs related to the construction of the Boguty tungsten mine. According to the loan agreement, the draw down period of the loan facility is 2 years from date of the first drawn down, i.e. November 2020. The borrowings carried a fixed interest rate of 1% per annum and an upfront arrangement fee of 1.1% on the amount of loan facility.



Every single drawn down of the borrowings is repayable semi-annually by equal installment, starting from 4th year after the respective dates of drawn down and end of 8th year from the date of first drawn down.

Upon the signing of the loan agreement, the upfront arrangement fee of HK\$18,954,000 was accrued and debited as prepayment (Note 17) and treated as a transaction cost when draw-down occur. In November 2022, the Group had not drawn down all the facility within the draw-down period thus the remaining upfront arrangement fee of HK\$12,946,000 which is related to the undrawn facility of EUR141,672,000 was charged as finance expense upon the expiry of the draw-down period (Note 9).

On February 14, 2023, the Group entered into a supplemental agreement with the bank to extend the draw down period in respect of the unused facility to November 2023. Any loan drawn down under the supplemental agreement carries a floating rate of Euro short-term rate plus 110 basis point per annum and the other terms remained the same as the original loan agreement.

During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, bank loans of EUR25,700,000, EUR141,672,000, nil, nil and nil, were drawn down from the above facility, respectively. As at December 31, 2022, 2023 and 2024 and June 30, 2025, committed borrowings from the above facility available to the Group but not drawn amounted to EUR141,672,000, nil, nil and nil, respectively. Details of the guarantee of this loan is disclosed below.

**(b) Secured bank loan — RMB**

In April 2024, the Company entered into a loan agreement with a bank for a loan facility of RMB92 million to finance the Group's operating activities. According to the loan agreement, the draw down period of the loan facility is 2 years from April 15, 2024. The repayment terms and interest rate will be individually agreed upon each draw-down.

As at December 31, 2024 and June 30, 2025, bank loans of RMB29,328,000 were drawn down from the above facility and committed but unused facility amounted to RMB62,672,000. Details of the guarantee of this loan is disclosed below.

**(c) Unsecured bank loan — RMB**

In addition, the Company entered into another loan agreement with a bank for a loan facility of RMB150 million to support the Group's construction and operating activities in April 2024. According to the loan agreement, the draw down period of the loan facility is 1 year from April 17, 2024. The repayment terms and interest rate will be individually agreed upon each draw-down. This loan facility is unsecured.

As at December 31, 2024 and June 30, 2025, bank loans of RMB99,798,000 and RMB149,798,000 were drawn down from the above facility, respectively.

**(d) Guarantee**

Jiangxi Copper Corporation Limited, the parent company of a shareholder of the Company, provided a corporate guarantee to the Company against the outstanding loan balances drawn down from the above two facilities and a guarantee fee of 0.57% per annum on the guaranteed amount is payable to Jiangxi Copper Corporation Limited. At the same time, Ever Trillion, a shareholder of the Company, provided a counter-guarantee to Jiangxi Copper Corporation Limited by providing a charge of its shares in the Company to Jiangxi Copper Corporation Limited. CRCCII and CCECC HK also provided a counter-guarantee to Jiangxi Copper Corporation Limited to the extent of their equity holding in the Company, in respect of the corporate guarantee provided by Jiangxi Copper Corporation Limited. These guarantees arrangement will be released upon Listing.

The fair value of the secured bank loan denominated in Euro as of December 31, 2022, 2023 and 2024 and June 30, 2025 was HK\$348,178,000, HK\$1,571,456,000, HK\$1,483,204,000 and HK\$1,587,500,000, respectively, determined directly by references to the price quotation published by the European central bank on the last dealing date of each period. The carrying amounts of other two bank loans approximate their fair values at December 31, 2024 and June 30, 2025.

The Group's borrowings were repayable as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>The Group and the Company</i>				
Within 1 year . . . . .	--	3,246	184,643	279,094
Between 1 and 2 years . . . . .	3,759	50,414	201,599	537,813
Between 2 and 5 years . . . . .	240,951	1,566,273	1,268,787	1,078,176
Over 5 years . . . . .	136,636	--	--	--
	<u>381,346</u>	<u>1,619,933</u>	<u>1,655,029</u>	<u>1,895,083</u>

## 22 TRADE PAYABLES

The credit periods granted by suppliers generally within 6 months.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables denominated in:				
RMB . . . . .	--	--	--	20,675
Tenge . . . . .	--	--	--	55,524
Trade payables aging within				
3 months . . . . .	--	--	--	76,199
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

The carrying amounts of trade payables approximate their fair values.

## 23 CONTRACT LIABILITIES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year . . . . .	--	--	31,783	165,414
	<u>--</u>	<u>--</u>	<u>31,783</u>	<u>165,414</u>

Contract liabilities of the Group primarily represented advance payments received from customers related to contracts with customers while the underlying goods are yet to be provided. No revenue was recognized during six months ended June 30, 2025 that was included in the contract liabilities balance at the beginning of the six months ended June 30, 2025.

## 24 FINANCIAL INSTRUMENTS BY CATEGORY

### The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets – at amortized cost</b>				
Trade receivables . . . . .	--	--	--	47,087
Cash and cash equivalents . . . . .	99,496	476,687	41,440	32,662
Other receivables . . . . .	1,400	1,454	668	6,839
	<u>100,896</u>	<u>478,141</u>	<u>42,108</u>	<u>86,588</u>

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial liabilities – at amortized cost</b>				
Trade payables . . . . .	–	–	–	20,675
Amounts due to shareholders . . .	185,269	32,268	57,951	69,652
Borrowings . . . . .	381,346	1,619,933	1,655,029	1,895,083
Other payables and accruals (excluding employee benefit payables, other tax payable and asset retirement obligation) . . .	4,044	78,781	99,627	93,703
Lease liabilities . . . . .	112	–	–	–
	<u>610,771</u>	<u>1,730,982</u>	<u>1,812,607</u>	<u>2,079,113</u>

#### The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets – at amortized cost</b>				
Cash and cash equivalents . . . . .	91,615	10,574	2,258	9,049
Amounts due from subsidiaries . .	541,048	1,828,574	1,962,715	2,215,387
Other receivables . . . . .	416	–	–	–
	<u>633,079</u>	<u>1,839,148</u>	<u>1,964,973</u>	<u>2,224,436</u>
<b>Financial liabilities – at amortized cost</b>				
Amounts due to shareholders . . .	185,269	32,268	57,951	69,652
Borrowings . . . . .	381,346	1,619,933	1,655,029	1,895,083
Other payables and accruals (excluding employee benefit payables and other tax payable) . . . . .	10,621	10,287	13,273	21,488
	<u>577,236</u>	<u>1,662,488</u>	<u>1,726,253</u>	<u>1,986,223</u>

## 25 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

Deferred income tax assets are analyzed as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred income tax assets:				
– to be recovered within 12 months .	–	–	–	86,978
– to be recovered after more than 12 months . . . . .	2,990	4,385	5,241	–
Deferred tax assets and liabilities that have been offset in the statement of financial position . . .	(2,990)	(4,385)	(5,241)	(5,077)
Net deferred income tax assets . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>81,901</u>

Deferred income liabilities are analyzed as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred income tax liabilities:				
– to be recovered after more than				
12 months . . . . .	(2,990)	(4,385)	(5,241)	(5,077)
Deferred tax assets and liabilities				
that have been offset in the				
statement of financial position . . .	2,990	4,385	5,241	5,077
Net deferred income tax liabilities.	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The movements of the deferred income tax assets are as follows:

	Accruals	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
At January 1, 2022 . . . . .	–	–	–
Deferred tax credited to profit or loss . . . . .	503	2,501	3,004
Currency translation differences . . . . .	(2)	(12)	(14)
At December 31, 2022 . . . . .	501	2,489	2,990
Deferred tax credited/(charged) to profit or loss . . . . .	2,143	(798)	1,345
Currency translation differences . . . . .	11	39	50
At December 31, 2023 . . . . .	2,655	1,730	4,385
Deferred tax credited to profit or loss . . . . .	514	503	1,017
Currency translation differences . . . . .	(97)	(64)	(161)
At December 31, 2024 . . . . .	3,072	2,169	5,241
Deferred tax credited to profit or loss . . . . .	345	81,915	82,260
Currency translation differences . . . . .	(278)	(245)	(523)
At June 30, 2025 . . . . .	<u>3,139</u>	<u>83,839</u>	<u>86,978</u>

The movements of the deferred income tax liabilities are as follows:

	Difference on tax base and book value of property, plant and equipment	Discounting of long-term payables	Total
	HK\$'000	HK\$'000	HK\$'000
At January 1, 2022 . . . . .	–	–	–
Deferred tax charged to profit or loss . . . . .	(2,662)	(342)	(3,004)
Currency translation differences . . . . .	12	2	14
At December 31, 2022 . . . . .	(2,650)	(340)	(2,990)
Deferred tax charged to profit or loss . . . . .	(82)	(1,263)	(1,345)
Currency translation differences . . . . .	(43)	(7)	(50)
At December 31, 2023 . . . . .	(2,775)	(1,610)	(4,385)
Deferred tax charged to profit or loss . . . . .	(1,400)	382	(1,018)
Currency translation differences . . . . .	106	56	162
At December 31, 2024 . . . . .	(4,069)	(1,172)	(5,241)
Deferred tax charged to profit or loss . . . . .	(1,343)	1,037	(306)
Currency translation differences . . . . .	374	96	470
At June 30, 2025 . . . . .	<u>(5,038)</u>	<u>(39)</u>	<u>(5,077)</u>

## 26 CASH FLOW INFORMATION

### (a) Cash flows from operating activities

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Loss before income tax . . .	(94,450)	(80,129)	(176,529)	(64,969)	(89,555)
Adjustments for:					
– Depreciation of property, plant and equipment (Note 13) . . . . .	723	1,658	1,845	874	25,653
– Amortization of intangible assets . . . . .	–	–	–	–	69
– Interest income . . . . .	(5,293)	(1,908)	(78)	(70)	(19)
– Interest expenses . . . . .	24,653	4,746	16,918	1,640	19,856
– Foreign exchange losses . .	32,511	9,555	84,813	30,502	20,520
– Written off of property, plant and equipment . . .	1,225	–	–	–	412
Changes in working capital:					
– Trade receivables . . . . .	–	–	–	–	(47,087)
– Prepayments, other receivables and other assets . . . . .	(4,891)	(1,963)	(21,291)	(1,539)	(34,218)
– Trade payables . . . . .	–	–	–	–	76,177
– Other payables and accruals . . . . .	(1,985)	5,323	12,326	5,774	(7,082)
– Contract liabilities . . . . .	–	–	31,783	–	130,197
– Increase in inventories . .	–	–	(12,941)	–	(79,369)
<b>Cash (used in)/generated from operations . . . . .</b>	<b>(47,507)</b>	<b>(62,718)</b>	<b>(63,154)</b>	<b>(27,788)</b>	<b>15,554</b>

### (b) Reconciliation of liabilities arising from financing activities

	Amounts due to shareholders	Borrowings	Interest payable for borrowings	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At January 1, 2022 . . . . .</b>	<b>184,979</b>	<b>180,259</b>	<b>20</b>	<b>241</b>	<b>365,499</b>
Cash flows-principal . . . . .	–	207,635	–	(103)	207,532
Cash flows-interest . . . . .	(12,547)	–	(2,610)	(12)	(15,169)
Non-cash . . . . .	12,837	(6,548)	2,708	(14)	8,983
<b>At December 31, 2022 . . . . .</b>	<b>185,269</b>	<b>381,346</b>	<b>118</b>	<b>112</b>	<b>566,845</b>
Cash flows-principal . . . . .	11,614	1,194,512	–	(43)	1,206,083
Cash flows-interest . . . . .	(5,726)	–	(28,632)	–	(34,358)
Non-cash . . . . .	(158,889)	44,075	30,212	(69)	(84,671)
<b>At December 31, 2023 . . . . .</b>	<b>32,268</b>	<b>1,619,933</b>	<b>1,698</b>	<b>–</b>	<b>1,653,899</b>
Cash flows-principal . . . . .	15,568	138,369	–	–	153,937
Cash flows-interest . . . . .	–	–	(62,907)	–	(62,907)
Non-cash . . . . .	10,115	(103,273)	62,796	–	(30,362)
<b>At December 31, 2024 . . . . .</b>	<b>57,951</b>	<b>1,655,029</b>	<b>1,587</b>	<b>–</b>	<b>1,714,567</b>
<b>(Unaudited)</b>					
<b>At January 1, 2024 . . . . .</b>	<b>32,268</b>	<b>1,619,933</b>	<b>1,698</b>	<b>–</b>	<b>1,653,899</b>
Cash flows-principal . . . . .	–	407	–	–	407
Cash flows-interest . . . . .	–	–	(32,207)	–	(32,207)
Non-cash . . . . .	5,011	(50,094)	32,097	–	(12,986)
<b>At June 30, 2024 . . . . .</b>	<b>37,279</b>	<b>1,570,246</b>	<b>1,588</b>	<b>–</b>	<b>1,609,113</b>
<b>At January 1, 2025 . . . . .</b>	<b>57,951</b>	<b>1,655,029</b>	<b>1,587</b>	<b>–</b>	<b>1,714,567</b>
Cash flows-principal . . . . .	9,571	29,933	–	–	39,504
Cash flows-interest . . . . .	(5,447)	–	(28,300)	–	(33,747)
Non-cash . . . . .	7,577	210,121	28,300	–	245,998
<b>At June 30, 2025 . . . . .</b>	<b>69,652</b>	<b>1,895,083</b>	<b>1,587</b>	<b>–</b>	<b>1,966,322</b>

(c) **Reconciliation of the cash flow related to purchases of property, plant and equipment and subsurface use rights**

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
<i>Additions to:</i>					
Property, plant and equipment ( <i>Note 13</i> )	210,235	731,139	719,189	273,931	127,256
<i>Adjustments for:</i>					
Increase in prepayment to contractors and relevant tax prepayment	138,526	125,613	(86,826)	51,595	1,819
Increase in construction payables	(25,942)	(54,158)	(20,889)	(63,845)	(3,166)
Capitalization of interest expenses	(5,465)	(48,705)	(179,691)	(39,904)	(105,236)
Discounting of construction payables	305	4,065	15,307	3,648	794
	<u>317,659</u>	<u>757,954</u>	<u>447,090</u>	<u>225,425</u>	<u>21,467</u>

- (d) The total cash outflow in financing activities for leases during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 was approximately HK\$115,000, HK\$43,000, nil, nil and nil, including principal elements of lease payments of approximately HK\$103,000, HK\$43,000, nil, nil and nil and related interest paid of approximately HK\$12,000, nil, nil, nil and nil, respectively.

Cash outflow for short-term lease payments during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 was approximately HK\$894,000, HK\$601,000, HK\$898,000, HK\$282,000 and HK\$268,000, respectively.

**27 COMMITMENTS AND CONTINGENT LIABILITIES**

(a) **Capital expenditures for property, plant and equipment**

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracts had been entered into but not brought into the consolidated financial statements	<u>1,159,230</u>	<u>548,646</u>	<u>336,736</u>	<u>145,491</u>

(b) **Short-term lease commitments**

The Group has short-term lease commitments related to its non-cancellable short-term leases for offices. The future aggregate minimum lease payments under these short-term leases not recognized in lease liabilities are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not later than 1 year	<u>546</u>	<u>473</u>	<u>414</u>	<u>252</u>

(c) **Contingent liabilities**

During the Track Record Period, the Group did not have any material contingent liabilities.

## 28 INVESTMENTS IN SUBSIDIARIES

Details of subsidiaries of the Company at December 31, 2022, 2023 and 2024 and June 30, 2025 are as follows:

Name	Place of establishment and nature of legal entity	Paid-in capital	Proportion of issued ordinary capital held				Principal activities	Statutory auditors
			As at December 31			As at June 30,		
			2022	2023	2024	2025		
Directly held:								
Jiaxin (Zhuhai Hengqin) Technology Services Co., Ltd. ("Zhuhai Jiaxin") . . . . .	People's Republic of China/limited liability company	US\$ 3,000,000	100%	100%	100%	100%	Investment holding	N/A
Jiaxin International Resources Investment Limited S.à.r.l., ("Jiaxin Luxembourg") . . . . .	Luxembourg/limited liability company	US\$ 20,000	100%	100%	100%	100%	Investment holding	N/A
Indirectly held:								
Aral-Kegen LLP ("Aral Kegen") . . . . .	The Republic of Kazakhstan/ limited liability partnership	KZT 151,200	99.99%	99.99%	99.99%	99.99%	Investment holding	N/A
Zhetisu Volfram LLP ("ZV") (note) . . . . .	The Republic of Kazakhstan/limited liability partnership	KZT 200,000	97%	97%	97%	97%	Mining in Kazakhstan	Pricewaterhouse-Coopers LLP

*Note:* On June 20, 2022, Ever Trillion International Singapore PTE Ltd., a company controlled by Liu Zijia, a beneficiary shareholder of the Company, entered into a sale and purchase agreement with Aral Kegen to acquire the 3% equity interest of ZV. The transfer of the 3% equity interest of ZV was completed on July 1, 2023.

## 29 AMOUNTS DUE FROM SUBSIDIARIES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Amounts due from Jiaxin</b>				
<b>Luxembourg</b>				
– Loan and interest receivable . . . . .	437,836	1,725,374	1,721,624	1,979,998
– Others receivables . . . . .	1,461	1,842	2,102	2,636
<b>Amounts due from ZV</b>				
– Loan and interest receivable . . . . .	100,631	101,358	238,989	232,753
<b>Amounts due from Zhuhai Jiaxin</b>				
– Other receivables . . . . .	1,120	–	–	–
	541,048	1,828,574	1,962,715	2,215,387
Less: Current portion . . . . .	(1,120)	(151,428)	(23)	(26)
Non-current portion . . . . .	539,928	1,677,146	1,962,692	2,215,361

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the loans due from Jiaxin Luxembourg were unsecured with no fixed term of repayment, and carry interest of 2% per annum for the loans denominated in EUR and 5% per annum for the loans denominated in US\$.

As at December 31, 2022 and 2023, the loans due from ZV were denominated in US\$, unsecured with no fixed term of repayment, and carry interest of 0.5% per annum.

As at December 31, 2024 and June 30, 2025, the loans due from ZV were unsecured with no fixed term of repayment, and carry interest of 7.5% per annum for the loans denominated in US\$ and 5.13% per annum for the loans denominated in RMB.

### 30 ACCUMULATED LOSSES OF THE COMPANY

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Beginning of the year/period	(105,914)	(186,505)	(257,691)	(257,691)	(201,773)
(Loss)/profit and total comprehensive loss/income for the year/period	(80,591)	(71,186)	55,918	(41,422)	9,890
End of the year/period	<u>(186,505)</u>	<u>(257,691)</u>	<u>(201,773)</u>	<u>(299,113)</u>	<u>(191,883)</u>

### 31 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in the historical financial information:

#### (a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of related parties	Relationship
Liu Liqiang	Director of the Company
Liu Zijia	A beneficiary shareholder of the Company
Jiangxi Copper (Hong Kong) Investment Company Limited (“江西銅業(香港)投資有限公司”)	A shareholder of the Company
Ever Trillion International Limited (“恒兆國際有限公司”)	A shareholder of the Company
CCECC (H.K.) Limited (“中土工程(香港)有限公司”)	A shareholder of the Company
CRCC International Investment Group Limited (“中國鐵建國際投資集團有限公司”)	A shareholder of the Company
Jiangxi Copper Corporation Limited (“江西銅業集團有限公司”)	The parent company of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
China Civil Engineering Construction Corporation (“中國土木工程集團有限公司”)	The parent company of CCECC (H.K.) Limited, a shareholder of the Company
Zhuhai Huayue investment Company (“珠海市華粵投資有限公司”)	An entity jointly controlled by certain directors of the Company
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited (“江西銅業集團地勘工程有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Construction Supervision Consulting Corporation Limited (“江西銅業建設監理諮詢有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company



Name of related parties	Relationship
Jiangxi Copper Group (Lead Mountain) Beneficiation Chemicals Corporation Limited (“江西銅業集團(鉛山)選礦藥劑有限公司”) . . . . .	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Dexing) Foundry Corporation Limited (“江西銅業集團(德興)鑄造有限公司”) . . . . .	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Dexing) Protective Products Co., Ltd. (江西銅業集團(德興)防護用品有限公司) . . . . .	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Yanshan) Plastic Co., Ltd. (江西銅業集團(鉛山)塑業有限公司) . . . . .	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Yanshan) Yongtong New Industry Co., Ltd. (江西銅業集團(鉛山)永銅新產業有限公司) . . . . .	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company

**(b) Transactions and balance with related parties**

**(i) Guarantee provided by a related company**

During the Track Record Period, Jiangxi Copper Corporation Limited provided a guarantee for the Group's borrowings at a fixed guarantee fee of 0.57% per annum as disclosed in Note 21. During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, the guarantee fee paid and payable amounted to HK\$1,538,000, HK\$5,597,000, HK\$9,268,000, HK\$4,610,000 and HK\$4,677,000 respectively. The guarantee provided by Jiangxi Copper Corporation Limited will be released upon Listing (Note 21).

**(ii) Contracts for construction and procurement of equipment and mining service entered with a related company**

Details of the contracts for construction and procurement of equipment for the development of the tungsten mine in Kazakhstan and mining service entered with China Civil Engineering Construction Corporation as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Contracts entered during the year/period . . . . .	60,870	171,501	123,988	7,902	–
Construction services paid and payable . . . . .	249,003	607,057	260,491	227,905	28,673
Payments for procurement of equipment . . . . .	66,039	148,688	124,165	63,965	–
Payments for procurement of mining service . . . . .	–	–	3,400	–	44,656
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	As at December 31,			As at June 30,	
	2022	2023	2024	2025	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Contracted but not brought into the consolidated financial statements . . . . .	1,140,344	535,518	329,473	141,655	
Construction payables . . . . .	30,736	66,255	48,951	65,873	
Trade payables . . . . .	–	–	–	36,302	
Prepayments for procurement of equipment and construction services . . . . .	245,541	288,317	110,639	118,494	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(iii) Other transaction with related companies

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Zhuhai Huayue investment Company					
– Rental expense . . . .	419	398	390	195	193
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited					
– Mine exploration and design service fee . . .	–	431	347	–	–
Jiangxi Copper Construction Supervision Consulting Corporation Limited					
– Building-information-modeling system consulting service fee .	–	442	–	–	–
Jiangxi Copper Group (Lead Mountain) Beneficiation Chemicals Corporation Limited					
– Purchases of goods . .	–	–	1,676	–	18,708
Jiangxi Copper Group (Dexing) Foundry Corporation Limited					
– Purchases of goods . .	–	–	859	–	11,063
Jiangxi Copper Group (Dexing) Protective Products Corporation Limited					
– Purchases of goods . .	–	–	–	–	593
Jiangxi Copper Group (Yanshan) Plastic Corporation Limited					
– Purchases of goods . .	–	–	–	–	422
Jiangxi Copper Group (Yanshan) Yongtong New Industry Corporation Limited					
– Purchases of goods . .	–	–	–	–	97

(iv) *Outstanding balances arising from purchases of goods*

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Jiangxi Copper Group (Lead Mountain) Beneficiation Chemicals Corporation Limited . .	–	–	3,242	8,232
Jiangxi Copper Group (Dexing) Foundry Corporation Limited . . .	–	–	3,741	5,879
Jiangxi Copper Group (Lead Mountain) Plastic Corporation Limited . . . . .	–	–	–	430
Jiangxi Copper Group (Lead Mountain) Yongtong New Industry Corporation Limited . . . . .	–	–	–	99
	–	–	6,983	14,640
	–	–	–	–

(v) *Non-trade balances with related parties*

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Loan from shareholders (Note i)</u>				
JCHK . . . . .	84,796	14,189	14,673	15,111
Ever Trillion . . . . .	100,232	14,083	30,632	41,149
	185,028	28,272	45,305	56,260
<u>Payable to</u>				
Jiangxi Copper Corporation Limited (Note ii) . . . . .	241	3,996	12,646	13,392
Amounts due to shareholders . . . . .	185,269	32,268	57,951	69,652

*Notes:*

- (i) Prior to September 8, 2022, the amount due to shareholders was interest free. Pursuant to the shareholders loan agreement entered into among the shareholders and the Company on September 8, 2022, the shareholders loan carries interest payable quarterly at 4% per annum with effect from June 16, 2021. The loans were unsecured and no fixed term of repayment. On February 15, 2023, the loans from JCHK and Ever Trillion HK\$82,633,000 and HK\$86,006,000, respectively were capitalized as share capital, details of which are disclosed in Note 19.
- (ii) As at December 31, 2022, 2023 and 2024 and June 30, 2025, payable to Jiangxi Copper Corporation Limited arose from guarantees payable for the financial guarantee provided to the Group's borrowings. The balance was unsecured, interest-free and repayable on demand. All non-trade balance with related parties are expected to be settled before Listing.

(c) Key management compensation

Key management includes directors and the senior management of the Group. The compensation paid or payable to key management is shown below:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Fee, wages, salaries and bonuses . . . . .	9,193	8,545	8,913	3,669	4,253
Pension . . . . .	597	649	658	73	81
Other social security costs, housing benefits. . . . .	497	575	489	118	65
	<u>10,287</u>	<u>9,769</u>	<u>10,060</u>	<u>3,860</u>	<u>4,399</u>

32 EVENTS AFTER THE REPORTING PERIOD

Save for disclosed in Note 19, there were no significant events after the end of the Track Record Period that require additional disclosure or adjustments.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2024 and up to the date of this report.