

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements of Jiaxin International Resources Investment Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in the tungsten ore exploration in Kazakhstan. The principal activities of the Company's subsidiaries are set out in Note 22 to the consolidated financial statements.

Results and appropriations

The results of the Company for the year are set out in the consolidated statement of comprehensive loss on page 6.

The directors do not recommend any payment of dividend during the year ended 31 December 2022 (2021: Nil).

Share issued in the year

Details of the shares issued in the year are set out in Note 16 to the consolidated financial statements.

Directors of the Company

The directors of the Company during the year and up to the date of the report were:

Mr. Liqiang LIU	(Chairman)
Mr. Keping ZHA	
Mr. Huaizhi QIU	
Mr. Zhongwei Wang	
Ms. Jie Lian	(Appointed on 14 June 2022)
Mr. Zhiming Shu	(Resigned on 14 June 2022)

There being no provision in the Company's Articles of Association for retirement by rotation, all remaining directors continue in office.

Directors of the Company's subsidiaries

During the year and up to the date of this report, the directors of the Company's subsidiaries include Mr. Meng Zhang, Ms. Xiaoshan Lin, Ms. Mezhebitskaya E.A, Mr. Damir Mukan, Ms. Xiaorong Ye, Ms. Ling Jiang.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

Saved as those transactions disclosed in Note 23 to the financial statements, no transaction, arrangement and contract of significance in relation to the Company's business to which the Company's subsidiaries or its other associated corporations was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors of the company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the company or its specified undertakings or other associated corporation.

Business review

The Company is exempt from the requirement to prepare a business review under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it is entitled to reporting exemption under Sections 359 to 366 of the Hong Kong Companies Ordinance.

Management contracts

Saved as those transactions disclosed in Note 23 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

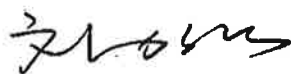
Permitted indemnity provisions

The articles of association of the Company provides that each Director or former Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company may maintain appropriate directors liability insurance in respect of relevant legal actions against the Directors.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of directors of the Company



.....
Mr. Liqiang LIU
Director

Hong Kong, 21 December 2023



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED**
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jiaxin International Resources Investment Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 6 to 44, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Other Information

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

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

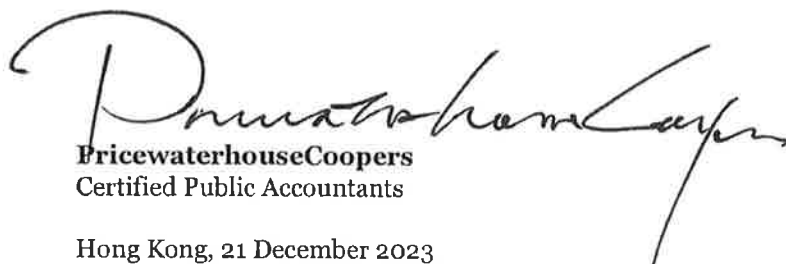
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(Continued)**

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

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

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



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 December 2023

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022	2021
		HKD'000	HKD'000
Administrative expenses	5	(41,061)	(33,666)
Other (losses)/gains, net	6	(34,029)	5,485
Operating loss		(75,090)	(28,181)
Finance income	8	5,293	2,873
Finance costs	8	(24,653)	(809)
Finance (costs)/income, net	8	(19,360)	2,064
Loss before income tax		(94,450)	(26,117)
Income tax expense	9	-	-
Loss for the year		(94,450)	(26,117)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4,179	(730)
Other comprehensive income/(loss) for the year		4,179	(730)
Total comprehensive loss for the year		(90,271)	(26,847)
Loss for the year attributable to:			
Equity holders of the Company		(93,661)	(25,785)
Non-controlling interests		(789)	(332)
		(94,450)	(26,117)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(89,630)	(26,534)
Non-controlling interests		(641)	(313)
		(90,271)	(26,847)

The notes on pages 11 to 44 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	As at 31 December	
		2022	2021
		HKD'000	HKD'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	267,441	63,251
Subsurface use rights	12	11,498	12,283
Prepayments and others	14	271,464	138,882
Total non-current assets		550,403	214,416
Current assets			
Prepayments	14	4,628	20,025
Other receivables	14	1,400	2,212
Cash and cash equivalents	15	99,496	287,994
Total current assets		105,524	310,231
Total assets		655,927	524,647
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	267,254	267,254
Other reserve		5,333	1,302
Accumulated losses		(239,894)	(146,233)
Non-controlling interests		32,693	122,323
		(1,647)	(1,006)
Total equity		31,046	121,317


JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	As at 31 December	
		2022	2021
		HKD'000	HKD'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		-	-
Other payables	17	20,777	6,479
Borrowings	18	381,346	180,259
Total non-current liabilities		402,123	186,738
Current liabilities			
Lease liabilities		112	241
Other payables and accruals	17	37,377	31,372
Amounts due to shareholders	23(d)	185,269	184,979
Total current liabilities		222,758	216,592
Total liabilities		624,881	403,330
Total equity and liabilities		655,927	524,647

The notes on pages 11 to 44 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 6 to 44 were approved by the Board of Directors and were signed on its behalf by



 Director



 Director

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Currency translation differences	Accumulated losses	Total		
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
As at 1 January 2021	10	2,051	(120,448)	(118,387)	(693)	(119,080)
Comprehensive loss						
Loss for the year	-	-	(25,785)	(25,785)	(332)	(26,117)
Other comprehensive income:						
- Currency translation differences	-	(749)	-	(749)	19	(730)
Transactions with equity holders of the Company						
Issuance of ordinary shares	267,244	-	-	267,244	-	267,244
As at 31 December 2021	<u>267,254</u>	<u>1,302</u>	<u>(146,233)</u>	<u>122,323</u>	<u>(1,006)</u>	<u>121,317</u>
As at 1 January 2022	267,254	1,302	(146,233)	122,323	(1,006)	121,317
Comprehensive loss						
Loss for the year	-	-	(93,661)	(93,661)	(789)	(94,450)
Other comprehensive income:						
- Currency translation differences	-	4,031	-	4,031	148	4,179
As at 31 December 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>

The notes on pages 11 to 44 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022	2021
		HKD'000	HKD'000
Cash flows from operating activities			
Cash used in operations	20 (a)	(47,507)	(31,223)
Net cash used in operating activities		(47,507)	(31,223)
Cash flows from investing activities			
Purchases of property, plant and equipment	20 (c)	(317,659)	(158,493)
Interest received		6,327	1,420
Net cash used in investing activities		(311,332)	(157,073)
Cash flows from financing activities			
Capital injection from shareholders of the Company		-	267,244
Proceeds from borrowings	20 (b)	207,635	173,815
Advances from shareholders	20 (b)	-	27,014
Interest paid	20 (b)	(15,169)	(575)
Payments for arrangement fee of banking facility		(2,407)	(6,127)
Principal elements of lease liabilities	20 (d)	(103)	(363)
Payments for listing expenses		(75)	-
Net cash generated from financing activities		189,881	461,008
Net increase in cash and cash equivalents		(168,958)	272,712
Cash and cash equivalents at beginning of the year		287,994	12,972
Effects of exchange rate changes on cash and cash equivalents		(19,540)	2,310
Cash and cash equivalents at end of the year		99,496	287,994

The notes on pages 11 to 44 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The Company is an investment holding company. The Group is principally engaged in the tungsten ore exploration, development and mining in the Republic of Kazakhstan ("Kazakhstan"). The principal activities of the subsidiaries are described in Note 22.

As at and during the year ended 31 December 2022, the shareholders of the Company included Ever Trillion International Limited ("Ever Trillion"), Jiangxi Copper (Hong Kong) Investment Company Limited ("JCHK"), CRCC International Investment Group Limited ("CRCC") and CCECC (H.K.) Limited ("CCECC"), 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 Company throughout the reporting period.

Pursuant to a resolution of the shareholders' meeting on 15 February 2023, it was resolved to increase the Company's share capital by ways of capitalisation of an aggregate amounts due to Ever Trillion and JCHK totalling HK\$168,639,322 and cash contribution totalling HK\$29,759,880 from the remaining shareholders, in proportion of their 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 in May 2023.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company as at 21 December 2023.

2 Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Company Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Group recorded net losses of HKD94,450,000 for the year ended 31 December 2022, as the tungsten ore mine of the Group in Kazakhstan is still under the development and undergoing construction. In addition, the Group's current liabilities exceeded current assets by HKD117,234,000 as at 31 December 2022. In preparing this consolidated financial statements, the directors have taken into account the available unused bank facilities (Note 18) and the financing from its equity holders completed in February 2023 (Note 16), and concluded that the Group has sufficient financial resources to meet its financial obligations for the foreseeable future. Consequently, the consolidated financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and settlement of liabilities in the normal courses of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) Amendments to standards adopted by the Company

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 Cycle

The adoption of these amended standards does not have significant impact on the consolidated financial statements of the Group.

(b) New standards and amendments to standards issued but not yet effective

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2022 and have not been early adopted by the Company in preparing the financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 28 and HKAS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contract	1 January, 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January, 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liability arising from a Single Transaction	1 January, 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January, 2024
HK Interpretation 5 (Revised)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 16	Lease liability in sales and lease back	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured 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 recognised 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 recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

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.

2.3 Foreign currency translation

(a) 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 consolidated financial statements are presented in HKD, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Foreign currency translation (Continued)

(b) 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 end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within other losses, net.

(c) 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 recognised in other comprehensive income.

2.4 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 recognised 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 derecognised. 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:

Vehicles	Straight-line over 4-15 years
Computer equipment and others	Straight-line over 2-8 years
Mining development and exploration and evaluation assets	Units-of production (tonnes mined, milled, or metal produced)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

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 recognised in the profit or loss. Subsequent exploration and evaluation costs are capitalised 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

Development assets that classified as mining development assets include the balances transferred from exploration and evaluation assets and stripping costs. Development assets that classified as construction in progress include all subsequent expenditures to develop the mine in production phase. On completion of development, construction in progress balances is reclassified to plant and machinery or mine property and development categories of property, plant and equipment as appropriate.

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 capitalised borrowing costs on related borrowing to finance the construction.

2.5 Subsurface use rights

Subsurface use rights of the Group which were granted until 2041, are stated at cost less accumulated amortisation 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 amortised using the production method, based on proven and probable reserves, from the time of beginning of tungsten ore mining.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets

Intangible assets that are not yet available for use are not subject to amortisation 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 recognised 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.

2.7 Investments and other financial assets

(a) Classification

The Group classifies its financial assets as financial assets at amortised 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.

(b) Recognition and derecognition

Financial assets are recognised on trade-date, the date on which the Group occurs transactions with other parties. Financial assets are derecognised 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.

(c) 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 amortised cost.

Amortised 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 amortised 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 recognised 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.

(d) Impairment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.7 Investments and other financial assets (Continued)

(e) 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 recognised amounts, and there is an intention to settle on a net basis or realise 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.

2.8 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.

2.9 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.

2.10 Other payables and accruals

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

2.11 Borrowings and borrowings costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised 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, cancelled 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 recognised 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 capitalised. Other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

The commencement date for capitalisation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.12 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.

(a) 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's subsidiaries and associates 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.

(b) Deferred income tax

Deferred income tax is recognised, 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. 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 realised or the deferred income tax liability is settled.

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

(c) 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 balances relate to 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 realise the asset and settle the liability simultaneously.

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

2.13 Employee benefits

(a) 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 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 utilised by the Group to reduce the existing contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.13 Employee benefits (Continued)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised 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 recognised until the time of leave.

(c) Discretionary bonus

Discretionary bonus is accrued for the year 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.

2.14 Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised as interest expense.

Asset retirement obligations

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised 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 recognised 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 recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.14 Provisions (Continued)

Asset retirement obligations (Continued)

The provision is recognised 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 recognised in the profit or loss. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised 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 recognised corresponding to the provision, the excess shall be recognised 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.

2.15 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.16 Leases

Leases are recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

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. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised 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.

2.17 Finance income

Finance income on financial assets at amortized cost calculated using the effective interest method is recognised 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).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company's overall risk management function focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Credit risk

(i). Credit risk management

Credit risk mainly arises from cash and cash equivalents and other receivables.

For cash and cash equivalents, the Group's cash at bank was placed with reputable banks. There were no recent history of default of cash and cash equivalents from such financial institutions. Management does not expect the institutions to fail to meet its obligations.

For other receivables, management make periodic collective assessments as well as individual assessment of the recoverability of other receivables based on historical settlement records, past experience as well as forward-looking factors.

(ii) Expected credit loss ("ECL")

For financial assets whose impairment losses are measured using three-stages general approach ECL assessment except for trade receivables, 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 recognise 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 "judgement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(iii) Judgement 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 judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc.

(iv) 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.

(v) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(v) Forward-looking information (Continued)

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. The credit risk of other receivables is considered insignificant as at 31 December 2021 and 2022 and therefore no loss allowance is required.

(vi) 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. The credit risk of other receivables is considered insignificant as at 31 December 2021 and 2022 and therefore no loss allowance is required.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through the provision of sufficient financial support by its holding company.

The tables below analyse 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2022						
Amounts due to shareholders	188,438	-	-	-	188,438	185,269
Other payables (excluding employee benefit payables and other tax payable)	31,852	9,781	9,703	4,397	55,733	50,124
Borrowings	3,902	7,040	252,259	138,764	401,965	381,346
Lease liabilities	112	-	-	-	112	112
	224,304	16,821	261,962	143,161	646,248	616,851
At 31 December 2021						
Amounts due to shareholders	184,979	-	-	-	184,979	184,979
Other payables (excluding employee benefit payables and other tax payable)	23,792	1,476	3,523	5,871	34,662	30,272
Borrowings	1,847	1,847	92,515	95,392	191,601	180,259
Lease liabilities	253	-	-	-	253	241
	210,871	3,323	96,038	101,263	411,495	395,751

(c) Market risk

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in Kazakhstani Tenge ("KZT"), United States dollar ("USD"), Euro ("EUR") and Chinese Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities of a group entity are denominated in a currency that is not the functional currency of that group entity. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to KZT, USD, EUR and RMB.

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 USD, EUR and RMB and to mitigate the impact on exchange rate fluctuations. For the financial year beginning 1 January 2022, no forward foreign exchange contracts had been entered into by the Group.

As at 31 December 2022 and 2021, the Group's major monetary are dominated in the following currencies, other than HKD:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	2022	2021
	HKD'000	HKD'000
Monetary assets denominated in		
RMB	26,028	253,105
EUR	774	35,875
KZT	6,922	417
USD	67,907	246
	101,631	289,643
Monetary liabilities denominated in		
EUR	390,866	192,575
USD	85,512	102,195
KZT	21,872	16,840
RMB	17,585	1,394
	515,835	313,004

As at 31 December 2022 and 2021, the Group's major monetary assets/liabilities exposed to foreign exchange risk, including those denominated in USD, EUR and RMB and included in a group entity with different functional currency, were listed below:

	2022	2021
	HKD'000	HKD'000
Monetary assets denominated in		
RMB	25,052	252,380
EUR	774	35,875
USD	67,867	174
	93,693	288,429
Monetary liabilities denominated in		
EUR	390,866	192,575
USD	85,498	102,195
RMB	17,585	-
	493,949	294,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As shown in the table above, the Group is primarily exposed to changes in RMB and EUR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from RMB and EUR denominated financial instruments.

	Decrease/(increase) on loss for the year	
	2022	2021
	HKD'000	HKD'000
RMB/HKD exchange rate – increase 5%	373	12,619
RMB/HKD exchange rate – decrease 5%	(373)	(12,619)
EUR/HKD exchange rate – increase 5%	(19,505)	(7,835)
EUR/HKD exchange rate – decrease 5%	19,505	7,835

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

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, detail of which have been disclosed in Note 15.

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. During 2021 and 2022, the Group's borrowings carried at fixed rates. The Group has no variable interest rate assets or liabilities, consequently the Group's exposure to changes in interest rate is not material and therefore no sensitivity analysis is presented for interest rate risk.

3.2 Capital risk management

The Group's main objective when managing capital is to maximise shareholders' returns and at the same time conduct its business within prudent guidelines. Management strives to maintain an optimal capital structure so as to maximise 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", as shown in the consolidated statements of financial position plus net debt.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.2 Capital risk management (Continued)

As at 31 December 2022 and 2021, the gearing ratio was as follows:

	2022 HKD'000	2021 HKD'000
Lease liabilities	112	241
Borrowings	381,346	180,259
Amounts due to shareholders	185,269	184,979
Less: Cash and cash equivalents	(99,496)	(287,994)
Net debt	467,231	77,485
Equity	31,046	121,317
Total capital	498,277	198,802
Gearing ratio	94%	39%

The alteration in the gearing ratio is mainly due to the increase in borrowings during the year ended 31 December 2022.

3.3 Fair value estimation

As at 31 December 2022 and 2021, the Group did not have any financial instruments that are measured at fair value in the statements of financial position.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values due to their short maturity.

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates 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 judgements 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 balance sheet date for indications.

For the impairment indication assessment undertaken on the property, plant and equipment, including exploration and evaluation assets, below external and internal sources of information was considered:

- (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;

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4 Critical accounting estimates and judgements (Continued)

(a) Impairment of non-financial assets (Continued)

- (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.

(b) Current and deferred income tax

The Group is subject to income taxes in different tax jurisdiction. Significant judgement 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 recognises 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 utilised. 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 in which such estimate is charged.

(c) Provisions for asset retirement obligations

Provisions are recognised as provisions and the amount recognised 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 is 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.

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5 Expenses by nature

	2022	2021
	HKD'000	HKD'000
Employee benefit expenses (Note 7)	26,172	19,975
Legal and professional fees	2,847	3,195
Insurance expenses	1,435	-
Travelling and business conference expenses	3,110	1,221
Short-term lease expenses	925	1,771
Office expenses	839	1,379
Auditors' remuneration	820	750
Depreciation (Note 11)	723	579
Listing expenses	557	-
Others	3,633	4,796
	41,061	33,666

6 Other (losses)/gains, net

	2022	2021
	HKD'000	HKD'000
Foreign exchange (losses)/gains, net	(32,511)	5,945
Others	(1,518)	(460)
	(34,029)	5,485

7 Employee benefit expenses

	2022	2021
	HKD'000	HKD'000
Wages, salaries and bonuses	17,508	14,944
Staff welfare expenses	2,634	596
Pension (note)	2,206	1,683
Other social security costs, housing benefits	3,824	2,752
	26,172	19,975

Note: 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 HKD1,500 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.

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7 Employee benefit expenses (Continued)

Note: Pensions – defined contribution plans (Continued)

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 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.

As at 31 December 2022 and 2021, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

8 Finance (costs)/income, net

	2022 HKD'000	2021 HKD'000
Finance income:		
Interest income on deposits in financial institutions	5,293	2,873
Finance costs:		
Interest expenses	(29,535)	(1,855)
Foreign exchange (losses)/gains	(583)	40
	(30,118)	(1,815)
Less: amount capitalised	5,465	1,006
	(24,653)	(809)
Finance (costs)/income, net	(19,360)	2,064

During the years ended 31 December 2022, interest expenses to the extent of approximately HKD5,465,000 was capitalised into property, plant and equipment in relation to the borrowings specifically financed for the construction of exploration and evaluation assets of the Group.

During the years ended 31 December 2022, interest expenses in respect of the lease liabilities of HKD12,000 were included in finance costs. The weighted average incremental borrowing rates applied to lease liabilities at 31 December 2022 were from 10.2% to 12.4%.

9 Income tax

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year. No provision for profits tax has been made as the Company had no assessable profit for the financial year.

(a) Income tax expense

(i) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2022 and 2021.

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9 Income tax (Continued)

(a) Income tax expense (Continued)

(ii) Kazakhstan profits tax

Kazakhstan profits tax has been provided for at the rate of 20% on the estimated assessable profits for the years ended 31 December 2022 and 2021.

(iii) PRC corporate income tax

Mainland China corporate income tax has been provided for at applicable tax rates under the relevant regulations of the Mainland China and on the estimated assessable profit of entities within the Group established in the Mainland China for the years ended 31 December 2022 and 2021. The general Mainland China corporate income tax rate is 25% in 2022 and 2021.

(iv) Luxembourg corporate income tax

Luxembourg corporate income tax has been provided for at applicable tax rates under the relevant regulations of the Luxembourg and on the estimated assessable profit of entity within the Group established in Luxembourg for the years ended 31 December 2022 and 2021. The general Luxembourg corporate income tax rate is 15% in 2022 and 2021.

(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:

	2022 HKD'000	2021 HKD'000
Loss before income tax	(94,450)	(26,117)
Tax calculated at a tax rate of 16.5%	(15,584)	(4,309)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(762)	(1,030)
Expenses not deductible for tax purposes	5,503	1,367
Income not subject to tax	(938)	(3,105)
Unrecognised tax losses	11,781	7,077
Income tax expense	-	-

As at 31 December 2022, the Group had unused tax losses of approximately HKD234,106,000 (2021: HKD169,655,000), available for offsetting against future profits. The expiry period of these unused tax losses are as follows:

	2022 HKD'000	2021 HKD'000
5 years	25,714	28,400
10 years	53,611	29,431
No expiry date	154,781	111,824
	234,106	169,655

10 Dividends

No dividend has been paid or declared by the Group during the years ended 31 December 2022 and 2021.

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11 Property, plant and equipment

	Mining development assets	Exploratio n and evaluation assets	Right-of- use assets – office premises	Buildings	Others	Con- struction in progress	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 1 January 2021							
Cost	-	17,633	1,100	-	563	21,914	41,210
Accumulated depreciation	-	-	(486)	-	(136)	-	(622)
Net book amount	-	17,633	614	-	427	21,914	40,588
Year ended 31 December 2021							
Opening net book amount	-	17,633	614	-	427	21,914	40,588
Additions	-	1,635	13	-	2,794	19,396	23,838
Depreciation	-	-	(406)	-	(173)	-	(579)
Currency translation differences	-	(344)	(12)	-	(6)	(234)	(596)
Closing net book amount	-	18,924	209	-	3,042	41,076	63,251
At 31 December 2021							
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
Year ended 31 December 2022							
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	22,467	(22,467)	-	619	1,204	(1,823)	-
Depreciation	-	-	(95)	-	(628)	-	(723)
Disposal	-	-	-	-	(1,225)	-	(1,225)
Currency translation differences	(157)	(1,127)	(13)	(3)	(198)	(2,599)	(4,097)
Closing net book amount	33,424	-	101	616	4,943	228,357	267,441
At 31 December 2022							
Cost	33,424	-	1,022	616	5,846	228,357	269,265
Accumulated depreciation	-	-	(921)	-	(903)	-	(1,824)
Net book amount	33,424	-	101	616	4,943	228,357	267,441

Depreciation charges in the amount of HKD723,000 and HKD579,000 were included in administrative expenses during the years ended 31 December 2022 and 2021 respectively.

The exploration and evaluation assets have been transferred to mining development asset as of 31 December 2022 as the technical feasibility and commercial viability of the development of the area of interest is substantially demonstrable.

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12 Subsurface use rights

	2022	2021
	HKD'000	HKD'000
At 1 January		
Cost	12,283	12,527
Accumulated amortisation	-	-
Net book amount	<u>12,283</u>	<u>12,527</u>
Year ended 31 December		
Opening net book amount	12,283	12,527
Additions	-	-
Currency translation differences	(785)	(244)
Closing net book amount	<u>11,498</u>	<u>12,283</u>
At 31 December		
Cost	11,498	12,283
Accumulated amortization	-	-
Net book amount	<u>11,498</u>	<u>12,283</u>

13 Financial instruments by category

As at 31 December 2022 and 2021, the financial instruments of the Group are analysed as follows:

	2022	2021
	HKD'000	HKD'000
Financial assets – at amortised cost		
Cash and cash equivalents	99,496	287,994
Other receivables	1,400	2,212
	<u>100,896</u>	<u>290,206</u>
Financial liabilities – at amortised cost		
Amounts due to shareholders	185,269	184,979
Borrowings	381,346	180,259
Other payables and accruals (excluding employee benefit payables and other tax payable)	50,124	30,272
Lease liabilities	112	241
	<u>616,851</u>	<u>395,751</u>

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14 Prepayments and other receivables

	2022	2021
	HKD'000	HKD'000
Prepayments and others		
<i>Included in non-current assets:</i>		
Prepayment to contractors and suppliers	245,541	138,696
Deductible value-added tax	24,693	-
Others	1,230	186
	<u>271,464</u>	<u>138,882</u>
<i>Included in current assets:</i>		
Prepayment to contractors and suppliers	2,136	822
Prepayment for upfront arrangement fee	-	16,258
Deductible value-added tax	-	2,763
Prepaid listing expenses	175	-
Others	2,317	182
	<u>4,628</u>	<u>20,025</u>
	<u>276,092</u>	<u>158,907</u>
Other receivables		
<i>Included in current assets:</i>		
Interest receivables	416	1,451
others	984	761
	<u>1,400</u>	<u>2,212</u>

15 Cash and cash equivalents

	2022	2021
	HKD'000	HKD'000
Cash at bank and in hand	39,467	37,065
Time deposits with original maturities less than three months (Note)	60,029	250,929
	<u>99,496</u>	<u>287,994</u>
<i>Denominated in:</i>		
RMB	25,186	251,164
EUR	773	35,875
KZT	6,136	404
HKD	74	377
USD	67,327	174
	<u>99,496</u>	<u>287,994</u>

Note:

The effective interest rates of the time deposits with original maturities within three months of the Company for the year ended 31 December 2022 are 2.82% (2021: 2.84%).

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16 Share capital

	Number of ordinary shares	Share capital HKD'000
Issued and fully paid		
As at 1 January 2021	10,000	10
Issuance of ordinary shares (Note)	1,765	267,244
As at 31 December 2021 and 31 December 2022	11,765	267,254

Note:

- (i) Pursuant to a resolution of the shareholders' meeting passed on 31 May 2021, the Company issued 588 and 1,177 ordinary shares to CCECC and CRCC for RMB 73,488,000 (approximately HK\$89,081,000) and RMB 147,100,000 (approximately HK\$178,162,000), respectively. The share subscription completed on 16 June 2021.
- (ii) Pursuant to a resolution of the shareholders' meeting passed on 15 February 2023, the share capital was increased through:
- (a) capitalization of the amounts of RMB 75,863,000 (approximately HK\$86,006,000) and RMB 72,888,000 (approximately HK\$82,633,000) due from Ever Trillion and JCHK, respectively; and
- (b) contribution by cash of RMB 17,500,000 (approximately HK\$19,840,000) and RMB 8,750,000 (approximately HK\$9,920,000) due from CRCC and CCECC, 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.

17 Other payables and accruals

	2022 HKD'000	2021 HKD'000
Construction payables	39,458	16,840
Accrual for loan arrangement fee	9,520	12,316
Employee benefit payables	2,143	3,864
Listing expense payables	400	-
Asset retirement obligation	2,505	-
Other taxes payables	3,382	3,715
Others	746	1,116
	58,154	37,851
Non-current portion	20,777	6,479
Current portion	37,377	31,372
	58,154	37,851

Apart from the non-current portion, the carrying amounts of other payables and accruals as at 31 December 2022 and 2021 approximate to their fair values due to their short-term nature.

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18 Borrowings

	2022	2021
	HKD'000	HKD'000
Unsecured bank loan denominated in Euro	381,346	180,259

In September 2020, the Company entered into a loan agreement with a bank in mainland China for a loan facility of EUR188 million for the purpose of financing the construction of the mining assets held by a subsidiary. 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 is payable by the Company. 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.

In addition, Jiangxi Copper Corporation Limited, an affiliated company of a shareholder of the Company, provided a corporate guarantee to the Company against the outstanding loan balance 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. CRCC and CCECC 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.

As at 31 December 2021 and 2022, bank loans of EUR20,628,000 and EUR46,328,000 were drawn down, respectively.

Upon the signing of the loan agreement, the upfront arrangement fee of HK\$18,954,000 was accrued and debited as prepayment (Note 14) and treated as a transaction cost when draw-down occur. In November 2022, the Company 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 finance expense upon the draw-down period expired (Note 8).

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

The Group's borrowings were repayable as follows:

	2022	2021
	HKD'000	HKD'000
within 1 year	-	-
Between 1 and 2 years	3,759	-
Between 2 and 5 years	240,951	86,942
Over 5 years	136,636	93,317
	381,346	180,259

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19 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/(liabilities) are analysed as follows:

	2022 HKD'000	2021 HKD'000
Deferred income tax assets:		
- to be recovered after more than 12 months	3,330	-
- to be recovered within 12 months	-	-
Total gross deferred income tax assets	3,330	-
Deferred tax assets and liabilities that have been offset in the statement of financial position	(3,330)	-
Net deferred income tax assets	-	-
Deferred income tax liabilities:		
- to be recovered after more than 12 months	(3,330)	-
- to be recovered within 12 months	-	-
Total gross deferred income tax liabilities	(3,330)	-
Deferred tax assets and liabilities that have been offset in the statement of financial position	3,330	-
Net deferred income tax liabilities	-	-

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

Deferred income tax assets

	Difference on tax basis and book value of property, plant and equipment	Accrual of asset retirement obligation	Tax losses	Total
At 1 January 2021, 31 December 2021 and 1 January 2022	-	-	-	-
Deferred tax credited to the statement of profit or loss	342	503	2,501	3,346
Currency translation differences	(2)	(2)	(12)	(16)
At 31 December 2022	340	501	2,489	3,330

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19 Deferred income taxes (Continued)

Deferred income tax liabilities

	Difference on tax basis and book value of property, plant and equipment and exploration and evaluation assets	Discounting of long-term payable	Total
At 1 January 2021, 31 December 2021 and 1 January 2022	-	-	-
Deferred tax charged to the statement of profit or loss	(3,004)	(342)	(3,346)
Currency translation differences	14	2	16
At 31 December 2022	<u>(2,990)</u>	<u>(340)</u>	<u>(3,330)</u>

20 Cash flow information

(a) Cash flows from operating activities

	2022 HKD'000	2021 HKD'000
Loss for the year	(94,450)	(26,117)
Adjustments for:		
-Depreciation of property, plant and equipment (Note 11)	723	579
-Interest income	(5,293)	(2,873)
-Interest expenses	24,653	849
-Foreign exchange losses/(gains)	32,511	(5,985)
-Loss on disposal of property, plant and equipment	1,225	-
Changes in working capital:		
-Prepayments, other receivables and other assets	(4,891)	(2,920)
-Other payables and accruals	(1,985)	5,244
Net cash used in operating activities	<u>(47,507)</u>	<u>(31,223)</u>

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20 Cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Loan interest payable	Amounts due to shareholders	Borrowings	Lease liabilities
	HKD'000	HKD'000	HKD'000	HKD'000
At 1 January 2021	17	157,087	13,488	601
Cash flows	(524)	27,014	173,815	(414)
Non-cash	527	878	(7,044)	54
At 31 December 2021	20	184,979	180,259	241
Cash flows	(2,610)	(12,547)	207,635	(115)
Non-cash	2,708	12,837	(6,548)	(14)
At 31 December 2022	118	185,269	381,346	112

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

	2022	2021
	HKD'000	HKD'000
Additions to:		
Property, plant and equipment	210,235	23,838
Adjustments for:		
Increase in prepayments, other receivables and other assets	128,775	136,933
Increase in other payables and accruals	(25,123)	(2,758)
Capitalization of interest expenses	(5,465)	-
Discounting effects of construction payable	305	-
Exchange differences	8,932	480
	317,659	158,493

(d) The total cash outflow in financing activities for leases during the years ended 31 December 2022 was approximately HKD115,000 (2021: HKD414,000), including principal elements of lease payments of approximately HKD103,000 (2021: HKD363,000) and related interest paid of approximately HKD12,000 (2021: HKD51,000).

Cash outflow for short-term lease payment during the years ended 31 December 2021 and 2022 was approximately HKD1,518,000 and HKD894,000, respectively.

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21 Commitments and contingent liabilities

(a) Capital expenditures for property, plant and equipment

During the year ended 31 December 2022, the Group has capital expenditures for property, plant and equipment of approximately HKD1,159,230,000 (2021: HKD1,524,901,000).

(b) Short-term lease commitments

The Group has short-term lease commitments related to its non-cancellable short-term leases for offices. As at 31 December 2022, the Group had future aggregate minimum lease payments under these short-term leases not recognised in lease liabilities of approximately HKD546,000 (2021: HKD505,000).

(c) Contingent liabilities

During the Track Record Period, the Group did not have any contingent liabilities in respect of payment obligations of any third parties.

22 Investments in subsidiaries

Details of subsidiaries the Company at 31 December 2022 and 2021 are as follows:

Name	Place of establishment and nature of legal entity	Paid-in capital	Proportion of issued ordinary capital held		Principal activities
			2022	2021	
<u>Directly held:</u>					
Jiixin (Zhuhai Hengqin) Technology Services Co., Ltd. ("Zhuhai Jiixin")	People's Republic of China/ wholly owned enterprise	USD3,000,000	100%	100%	Investment holding
Jiixin International Resources Investment S.à.r.l ("Jiixin S.à.r.l")	Luxembourg/ wholly foreign-owned enterprise	USD20,000	100%	100%	Investment holding
<u>Indirectly held:</u>					
Aral-Kegen LLP ("Aral Kegen")	The Republic of Kazakhstan/ wholly foreign-owned enterprise	KZT151,200	99.99%	99.99%	Investment holding
Zhetisu Volfram LLP ("ZV") (note)	The Republic of Kazakhstan/ wholly foreign-owned enterprise	KZT200,000	97%	97%	Mining in Kazakhstan.

Note: During the year ended 31 December 2021, Aral Kegen completed the acquisition of 3% equity interest of ZV from Regional Development Institute "Social Entrepreneurial Corporation "Zhetysu" Joint Stock Company, the existing shareholder of ZV, on behalf of Mr. Liu Liqiang, a beneficiary owner and shareholder of the Company, at a consideration of KZT355,501,250 (equivalent to approximately USD850,000) under a Trust Arrangement Deed.

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23 Related party transactions

Ever Trillion, JCHK, CRCC and CCECC holds 43.35%, 41.65%, 10% and 5% original capital of the Company and there is no immediate holding company of the Company.

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 consolidated financial statements:

(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 year ended 31 December 2022 and 2021.

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
Jiangxi Copper Corporation Limited (“江西銅業股份有限公司”)	An affiliate of a Company’s shareholder
CCECC (H.K.) Limited (“中土工程(香港)有限公司”)	A shareholder of the Company
CRCC International Investment Group Ltd. (“中國鐵建國際投資集團有限公司”)	A shareholder of the Company
China Civil Engineering Construction Corporation (“中國土木工程集團有限公司”)	Parent company of a shareholder of the Company

(b) Transactions with related party

(i) Guarantee provided by a related company

In December 2020, Jiangxi Copper Corporation Limited provided guarantee for the Group’s bank borrowings with fixed rate of 0.57% per annum. During the year ended 31 December 2022, the guarantee fee was paid and payable of HKD1,538,000 (2021: HKD344,000).

(ii) Construction contracts entered with a related company

In 2022 and 2021, the Company entered into several contracts of construction for the development of its tungsten mine in Kazakhstan with China Civil Engineering Construction Corporation, an affiliate of a Company’s shareholder, for an aggregate total contract sum of HKD78,881,000 and HKD1,577,776,000 respectively. During the years ended 31 December 2022 and 2021, the construction service was paid and payable of HKD447,506,000 and HKD142,403,000 respectively.

(c) Construction payable balances with related parties

	2022 HKD’000	2021 HKD’000
<u>Payable</u>		
China Civil Engineering Construction Corporation	30,736	3,343

JLAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Related party transactions (Continued)

(d) Non-trade balances with related parties

	2022	2021
	HKD'000	HKD'000
<u>Loan from shareholders (Note i)</u>		
JCHK	84,796	84,687
Ever Trillion	100,232	98,955
Liu Zijia	-	1,223
	<u>185,028</u>	<u>184,865</u>
<u>Payable</u>		
Jiangxi Copper Corporation Limited (Note ii)	<u>241</u>	<u>114</u>
Amounts due to shareholders	<u>185,269</u>	<u>184,979</u>

Notes:

- (i) As at 31 December 2020 and 2021, the loans from shareholders were unsecured, interest-free and without fixed term of repayment under a shareholder's loan agreement dated 26 September 2019.

Prior to 8 September 2022, the amount due to shareholders is interest free. Pursuant to the shareholders loan agreement entered by the shareholders and the Company on 8 September 2022, the shareholders loan will carry interest, which is payable quarterly, at 4% per annum with effect from 16 June 2021. The loans were remained unsecured and no fixed term of repayment. On 15 February 2023, the loans from JCHK and Ever Trillion amount to HK\$82,633,000 and HK\$86,006,000 respectively were capitalization into share capital, details have been disclosed in Note 16.

- (ii) As at 31 December 2022 and 2021, payable to Jiangxi Copper Corporation Limited is arising from the guarantee provided. The balance was unsecured, interest-free and repayable on demand.

(e) Key management compensation

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

	2022	2021
	HK\$'000	HK\$'000
Fee, wages, salaries and bonuses	9,193	7,231
Staff welfare expenses	-	-
Pension	597	477
Other social security costs, housing benefits	497	376
	<u>10,287</u>	<u>8,084</u>

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Events after the reporting period

Save for disclosed in Note 1, Note 2, Note 16, Note 18 and Note 23. There were no other significant subsequent events during the period to the approval date of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements of Jiaxin International Resources Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 December 2023.

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in the tungsten ore exploration, development and mining in the Republic of Kazakhstan. The principal activities of the Company’s subsidiaries are set out in Note 22 to the consolidated financial statements.

Results and appropriations

The results of the Company for the year are set out in the consolidated statement of comprehensive loss on page 6.

The directors do not recommend any payment of dividend during the year ended 31 December 2023 (2022: Nil).

Share issued in the year

Details of the shares issued in the year are set out in Note 16 to the consolidated financial statements.

Directors of the Company

The directors of the Company during the year and up to the date of the report were:

Mr. Liqiang LIU (Chairman)
Mr. Kebing ZHA
Mr. Huaizhi QIU
Mr. Zhongwei WANG
Ms. Jie LIAN

There being no provision in the Company’s Articles of Association for retirement by rotation, all directors continue in office.

Directors of the Company’s subsidiaries

During the year and up to the date of this report, the directors of the Company’s subsidiaries include Mr. Meng ZHANG, Ms. Xiaoshan LIN, Ms. Mezhebitskaya E.A, Mr. Damir MUKAN, Ms. Xiaorong YE, Ms. Ling JIANG.

Directors’ material interests in transactions, arrangements and contracts that are significant in relation to the Company’s business

Saved as those transactions disclosed in Note 23 to the financial statements, no transaction, arrangement and contract of significance in relation to the Company’s business to which the Company’s subsidiaries or its other associated corporations was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors of the company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the company or its specified undertakings or other associated corporation.

Business review

The Company is exempt from the requirement to prepare a business review under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it is entitled to reporting exemption under Sections 359 to 366 of the Hong Kong Companies Ordinance.

Management contracts

Saved as those transactions disclosed in Note 23 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Permitted indemnity provisions

The articles of association of the Company provides that each Director or former Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company may maintain appropriate directors liability insurance in respect of relevant legal actions against the Directors.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of directors of the Company



.....
Mr. Liqiang LIU
Chairman

Hong Kong, 12 June 2024



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jiaxin International Resources Investment Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 6 to 47, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Other Information

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

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 June 2024

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December	
		2023	2022
		HKD'000	HKD'000
Administrative expenses	5	(67,854)	(41,061)
Other losses	6	(9,437)	(34,029)
Operating loss		(77,291)	(75,090)
Finance income	8	1,908	5,293
Finance costs	8	(4,746)	(24,653)
Finance (costs)/income, net	8	(2,838)	(19,360)
Loss before income tax		(80,129)	(94,450)
Income tax expense	9	-	-
Loss for the year		(80,129)	(94,450)
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,950)	4,179
Other comprehensive (loss)/income for the year		(2,950)	4,179
Total comprehensive loss for the year		(83,079)	(90,271)
Loss for the year attributable to:			
Equity holders of the Company		(78,920)	(93,661)
Non-controlling interests		(1,209)	(789)
		(80,129)	(94,450)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(81,840)	(89,630)
Non-controlling interests		(1,239)	(641)
		(83,079)	(90,271)

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31 December	
		2023	2022
		HKD'ooo	HKD'ooo
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,001,693	267,441
Subsurface use rights	12	11,683	11,498
Prepayments and other assets	14	399,964	271,464
Total non-current assets		1,413,340	550,403
Current assets			
Prepayments	14	9,973	4,628
Other receivables	14	1,454	1,400
Cash and cash equivalents	15	476,687	99,496
Total current assets		488,114	105,524
Total assets		1,901,454	655,927
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	465,653	267,254
Other reserve		2,413	5,333
Accumulated losses		(318,814)	(239,894)
Non-controlling interests		149,252	32,693
		(2,886)	(1,647)
Total equity		146,366	31,046

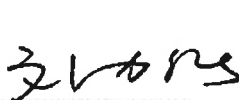
JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司


CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	As at 31 December	
		2023	2022
		HKD'000	HKD'000
LIABILITIES			
Non-current liabilities			
Other payables	17	70,937	20,777
Borrowings	18	1,616,687	381,346
Total non-current liabilities		1,687,624	402,123
Current liabilities			
Lease liabilities		-	112
Other payables and accruals	17	31,950	37,377
Borrowings	18	3,246	-
Amounts due to shareholders	23(b)	32,268	185,269
Total current liabilities		67,464	222,758
Total liabilities		1,755,088	624,881
Total equity and liabilities		1,901,454	655,927

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 6 to 47 were approved by the Board of Directors and were signed on its behalf by


 Director


 Director

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Currency translation differences	Accumulated losses	Total		
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
As at 1 January 2022	267,254	1,302	(146,233)	122,323	(1,006)	121,317
Comprehensive loss						
Loss for the year	-	-	(93,661)	(93,661)	(789)	(94,450)
Other comprehensive income:						
- Currency translation differences	-	4,031	-	4,031	148	4,179
As at 31 December 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 1 January 2023	267,254	5,333	(239,894)	32,693	(1,647)	31,046
Comprehensive loss						
Loss for the year	-	-	(78,920)	(78,920)	(1,209)	(80,129)
Other comprehensive loss:						
- Currency translation differences	-	(2,920)	-	(2,920)	(30)	(2,950)
Transactions with equity holders of the Company						
Capital contributions (Note 16)	198,399	-	-	198,399	-	198,399
As at 31 December 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>

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December	
		2023	2022
		HKD'000	HKD'000
Cash flows from operating activities			
Cash used in operations	20 (a)	(62,718)	(47,507)
Net cash used in operating activities		<u>(62,718)</u>	<u>(47,507)</u>
Cash flows from investing activities			
Payments for purchases of property, plant and equipment and subsurface use rights	20 (c)	(757,954)	(317,659)
Interest received		2,324	6,327
Net cash used in investing activities		<u>(755,630)</u>	<u>(311,332)</u>
Cash flows from financing activities			
Capital injection from shareholders of the Company		29,765	-
Proceeds from borrowings	20 (b)	1,194,512	207,635
Advances from shareholders	20 (b)	11,614	-
Interest paid	20 (b)	(34,358)	(15,169)
Payments for upfront arrangement fee		(9,421)	(2,407)
Principal elements of lease liabilities	20 (d)	(43)	(103)
Payments for listing expenses		(4,299)	(75)
Net cash generated from financing activities		<u>1,187,770</u>	<u>189,881</u>
Net increase/(decrease) in cash and cash equivalents		369,422	(168,958)
Cash and cash equivalents at beginning of the year		99,496	287,994
Effects of exchange rate changes on cash and cash equivalents		7,769	(19,540)
Cash and cash equivalents at end of the year		<u>476,687</u>	<u>99,496</u>

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The Company is an investment holding company. The Group is principally engaged in the tungsten ore exploration, development and mining in the Republic of Kazakhstan ("Kazakhstan"). The principal activities of the subsidiaries are described in Note 22.

As at and during the year ended 31 December 2023, the shareholders of the Company included Ever Trillion International Limited ("Ever Trillion"), Jiangxi Copper (Hong Kong) Investment Company Limited ("JCHK"), CRCC International Investment Group Limited ("CRCC") and CCECC (H.K.) Limited ("CCECC"), 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 Company throughout the reporting period.

Pursuant to a resolution of the shareholders' meeting on 15 February 2023, it was resolved to increase the Company's share capital by ways of capitalisation of an aggregate amounts due to Ever Trillion and JCHK totaling HKD168,639,322 and cash contribution totaling HKD29,759,880 from the remaining shareholders, in proportion of their 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 in May 2023.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), unless otherwise stated.

2 Summary of accounting policies

This note provides a list of material accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Company Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

HKFRS comprise the following authoritative literature:

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.1 Basis of preparation (Continued)

The Group recorded net losses of HKD80,129,000 for the year ended 31 December 2023, as the Group is still under the development and construction stage of its tungsten ore mine in Kazakhstan. In preparing this consolidated financial statements, the directors have taken into account a projected cash flow covering a period of not less than 12 months from 31 December 2023, the financial position of the Group as at 31 December 2023, and available sources of financing in the next 12 months from 31 December 2023, including the additional 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 consolidated financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and settlement of liabilities in the normal courses of business.

(a) New and amendments to standards adopted by the Company

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The adoption of these amended standards does not have significant impact on the consolidated financial statements of the Group.

(b) New standards and amendments to standards issued but not yet effective

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2023 and have not been early adopted by the Company in preparing the financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Material accounting policies

(a) 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 recognised 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 derecognised. 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:

Vehicles	Straight-line over 4-15 years
Computer equipment and others	Straight-line over 2-8 years
Buildings	Straight-line over 10-50 years
Mining development assets	Units-of-production (tonnes mined, milled, or metal produced)

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.

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 recognised in the profit or loss. Subsequent exploration and evaluation costs are capitalised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Material accounting policies (Continued)

(a) Property, plant and equipment (Continued)

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 capitalised borrowing costs on related borrowing to finance the construction.

(b) Subsurface use rights

Subsurface use rights of the Group which were granted until 2041, are stated at cost less accumulated amortisation 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 amortised using the production method, based on proven and probable reserves, from the time of beginning of tungsten ore mining.

(c) Impairment of non-financial assets

Intangible assets that are not yet available for use are not subject to amortisation 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 recognised 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.

(d) 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 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 utilised by the Group to reduce the existing contributions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Material accounting policies (Continued)

(d) Employee benefits (Continued)

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised 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 recognised until the time of leave.

(iii) Discretionary bonus

Discretionary bonus is accrued for the year 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.

(e) Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised 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 recognised as interest expense.

Asset retirement obligations

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised 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 recognised 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 recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Material accounting policies (Continued)

(e) Provisions and contingent liabilities (Continued)

The provision is recognised 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 recognised in the profit or loss. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised 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 recognised corresponding to the provision, the excess shall be recognised 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.

(f) Borrowings and borrowings costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised 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, cancelled 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 recognised 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 capitalised. Other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

The commencement date for capitalisation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 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 recognised 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 recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

(b) Principles of consolidation

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Other accounting policies (Continued)

(c) 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 consolidated financial statements are presented in HKD, which is the Company's functional and the Group's presentation currency.

(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 end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other 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 recognised in other comprehensive income.

(d) Investments and other financial assets

(i) Classification

The Group classifies its financial assets as financial assets at amortised 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 recognised on trade-date, the date on which the Group occurs transactions with other parties. Financial assets are derecognised 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Other accounting policies (Continued)

(d) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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 amortised cost.

Amortised 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 amortised 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 recognised 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 amortised 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 recognised amounts, and there is an intention to settle on a net basis or realise 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.

(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) Other payables and accruals

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Other accounting policies (Continued)

(h) 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's subsidiaries and associates 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 recognised, 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 realised or the deferred income tax liability is settled.

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

(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 balances relate to 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 realise the asset and settle the liability simultaneously.

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

(i) Leases

Leases are recognised 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;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Other accounting policies (Continued)

(i) Lease (Continued)

- 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 recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Other accounting policies (Continued)

(j) Finance income

Finance income on financial assets at amortized cost calculated using the effective interest method is recognised 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).

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 minimise 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 cash and cash equivalents and other receivables.

The Group has policies in place to ensure that all the bank balances are held in reputable 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.

(i) Expected credit loss ("ECL")

Impairment on financial assets at amortized cost 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 recognise 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 "judgement of significant increase in credit risk".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Expected credit loss ("ECL") (Continued)

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.

Judgement 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 judgement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Expected credit loss ("ECL") (Continued)

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.

Cash and cash equivalents

As at 31 December 2023 and 2022, 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 31 December 2023 and 2022, 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 31 December 2023 and 2022, 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 recognised during the years ended 31 December 2023 and 2022.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(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 analyse 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
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2023						
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	31,088	22,250	-	78,468	78,781
Borrowings	69,058	116,513	1,679,193	-	1,864,764	1,619,933
	<u>127,585</u>	<u>147,601</u>	<u>1,701,443</u>	<u>-</u>	<u>1,976,629</u>	<u>1,730,982</u>
At 31 December 2022						
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>

(c) Market risk

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in Kazakhstani Tenge ("KZT"), United States dollar ("USD"), Euro ("EUR") and Chinese Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities of a group entity are denominated in a currency that is not the functional currency of that group entity. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to USD, EUR and RMB. The Group is not exposed to significant foreign exchange risk from KZT as all transactions denominated in KZT are occurred in the Group entities with KZT as their functional currencies.

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 USD, EUR and RMB and to mitigate the impact on exchange rate fluctuations. For the financial year beginning 1 January 2022, no forward foreign exchange contracts had been entered into by the Group.

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3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2023 and 2022, the Group's major monetary are dominated in the following currencies, other than HKD:

	2023	2022
	HKD'000	HKD'000
Monetary assets denominated in		
EUR	449,084	774
USD	26,249	67,907
RMB	1,981	26,028
KZT	2,187	6,922
	479,501	101,631
Monetary liabilities denominated in		
EUR	1,625,692	390,866
USD	19,991	85,512
RMB	68,754	19,926
KZT	8,474	21,872
	1,722,911	518,176

As at 31 December 2023 and 2022, the Group's major monetary assets/liabilities exposed to foreign exchange risk, including those denominated in USD, EUR and RMB and included in a group entity with different functional currency, were listed below:

	2023	2022
	HKD'000	HKD'000
Monetary assets denominated in		
EUR	449,084	774
USD	16,869	67,867
RMB	192	25,052
	466,145	93,693
Monetary liabilities denominated in		
EUR	1,625,692	390,866
USD	19,854	85,498
RMB	66,886	17,585
	1,712,432	493,949

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3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As shown in the table above, the Group is primarily exposed to changes in RMB and EUR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from RMB and EUR denominated financial instruments.

	Decrease/(increase) on loss for the year	
	2023	2022
	HKD'000	HKD'000
RMB/HKD exchange rate – increase 5%	(3,303)	373
RMB/HKD exchange rate – decrease 5%	3,303	(373)
EUR/HKD exchange rate – increase 5%	(58,827)	(19,505)
EUR/HKD exchange rate – decrease 5%	58,827	19,505

The fluctuation of the exchange rate of USD against HKD has insignificant impact on the financial performance of the Group as HKD exchange rate remains stable within a band against USD 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, detail of which have been disclosed in Note 15.

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 the each reporting period are as follows:

	As at 31 December	
	2023	2022
	HKD'000	HKD'000
Variable rate borrowings	1,222,770	-
Fixed rate borrowings – maturity dates:		
Less than 1 year	3,246	-
1 – 5 years	393,917	244,710
Over 5 years	-	136,636
	<u>1,619,933</u>	<u>381,346</u>

During the year ended 31 December 2023, 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 capitalisation, the finance costs of the Group would be increased/decreased by approximately HKD2,779,000 (2022: nil).

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.

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3 Financial risk management (Continued)

3.2 Capital risk management

The Group's main objective when managing capital is to maximise shareholders' returns and at the same time conduct its business within prudent guidelines. Management strives to maintain an optimal capital structure so as to maximise 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", as shown in the consolidated statements of financial position plus net debt.

As at 31 December 2023 and 2022, the gearing ratio was as follows:

	2023	2022
	HKD'000	HKD'000
Lease liabilities	-	112
Borrowings	1,619,933	381,346
Amounts due to shareholders	32,268	185,269
Less: Cash and cash equivalents	(476,687)	(99,496)
Net debt	1,175,514	467,231
Equity	146,366	31,046
Total capital	1,321,880	498,277
Gearing ratio	89%	94%

The decrease in the gearing ratio as at the year ended 31 December 2023 was mainly due to the capital contributions from the shareholders (Note 16).

3.3 Fair value estimation

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

The directors of the Company consider that, except for the borrowings (Note 18), the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their short maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates 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 judgements 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 balance sheet 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 capitalisation.
- (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.

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4 Critical accounting estimates and judgements (Continued)

(a) Impairment of non-financial assets (Continued)

As at 31 December 2023 and 2022, 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 11), subsurface use rights (Note 12), prepayments to contractors and suppliers (Note 14) and deductible value-added tax (Note 14).

(b) Provisions for asset retirement obligations

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised 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 judgement 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 recognises 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 utilised. 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 in which such estimate is charged.

5 Expenses by nature

	2023	2022
	HKD'000	HKD'000
Employee benefit expenses (Note 7)	26,818	26,172
Listing expenses	19,077	557
Contribution to local community	3,768	526
Insurance expenses	3,214	1,435
Legal and professional fees	2,968	2,847
Travelling and business conference expenses	2,922	3,110
Depreciation (Note 11)	1,658	723
Auditors' remuneration	820	820
Office expenses	674	839
Short-term lease expenses	563	925
Others	5,372	3,107
	67,854	41,061

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6 Other losses

	2023	2022
	HKD'000	HKD'000
Foreign exchange losses	9,555	32,511
Others	(118)	1,518
	9,437	34,029

7 Employee benefit expenses

	2023	2022
	HKD'000	HKD'000
Wages, salaries and bonuses	17,086	17,508
Staff welfare expenses	3,122	2,634
Pension (note a)	2,630	2,206
Other social security costs, housing benefits	3,980	3,824
	26,818	26,172

(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 HKD1,500 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 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.

As at 31 December 2023 and 2022, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

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7 Employee benefit expenses (Continued)

(b) Directors' emoluments

Details of the directors' emoluments are as follows:

	2023	2022
	HKD'000	HKD'000
Salary, allowances and benefits in kind	1,178	1,206
Discretionary bonus	537	663
Contributions to retirement benefits scheme	185	161
Other emoluments	756	755
	2,656	2,785

Note: Salary paid to a director is generally an emolument 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) Directors' retirement and termination benefits

None of the directors received or will receive any retirement and termination benefits during the years ended 31 December 2023 and 2022.

(ii) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2023 and 2022, no consideration was provided to or receivable by any third parties for making available directors' services.

(iii) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No other loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2023 and 2022.

(iv) 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 years ended 31 December 2023 and 2022.

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8 Finance (costs)/income, net

	2023	2022
	HKD'000	HKD'000
Finance income:		
Interest income on deposits in financial institutions	1,908	5,293
Finance costs:		
Interest expenses	(40,239)	(29,224)
Unwinding of discount	(4,057)	(311)
Foreign exchange (losses)/gains	(9,155)	(583)
	(53,451)	(30,118)
Less: amount capitalised	48,705	5,465
	(4,746)	(24,653)
Finance (costs)/income, net	(2,838)	(19,360)

During the year ended 31 December 2023, interest expenses to the extent of approximately HKD48,705,000 was capitalised into property, plant and equipment in relation to the borrowings specifically financed for the construction of exploration and evaluation assets of the Group (2022: HKD5,465,000).

9 Income tax

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year. No provision for profits tax has been made as the Company had no assessable profit for the financial year.

(a) Income tax expense

(i) Hong Kong profits tax

The Company incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5% for the years ended 31 December 2023 and 2022.

(ii) Kazakhstan profits tax

The subsidiaries in Kazakhstan are subject to Kazakhstan profits tax at a rate of 20% for the years ended 31 December 2023 and 2022.

(iii) PRC corporate income tax

The subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% for the years ended 31 December 2023 and 2022.

(iv) Luxembourg corporate income tax

The subsidiary established in Luxembourg is subject to the general Luxembourg corporate income tax at a rate of 15% for the years ended 31 December 2023 and 2022.

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9 Income tax (Continued)

- (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:

	2023	2022
	HKD'000	HKD'000
Loss before income tax	(80,129)	(94,450)
Tax calculated at a tax rate of 16.5%	(13,221)	(15,584)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,190)	(762)
Expenses not deductible for tax purposes	3,547	5,887
Income not subject to tax	(5,338)	(938)
Unrecognised tax losses	16,202	11,397
Income tax expense	-	-

As at 31 December 2023, the Group had unused tax losses of approximately HKD314,895,000 (2022: HKD220,038,000), available for offsetting against future profits. The expiry period of these unused tax losses are as follows:

	2023	2022
	HKD'000	HKD'000
5 years	23,379	25,714
10 years	82,239	39,543
No expiry date	209,277	154,781
	314,895	220,038

10 Dividends

No dividend has been paid or declared by the Group during the years ended 31 December 2023 and 2022.

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11 Property, plant and equipment

	Mining develop- ment assets	Explora- tion and evaluation assets	Right-of- use assets – office premises	Buildings	Others	Con- struction in progress	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 1 January 2022							
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
Year ended 31 December 2022							
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	22,467	(22,467)	-	619	1,204	(1,823)	-
Depreciation	-	-	(95)	-	(628)	-	(723)
Disposal	-	-	-	-	(1,225)	-	(1,225)
Currency translation differences	(157)	(1,127)	(13)	(3)	(198)	(2,599)	(4,097)
Closing net book amount	33,424	-	101	616	4,943	228,357	267,441
At 31 December 2022							
Cost	33,424	-	1,022	616	5,846	228,357	269,265
Accumulated depreciation	-	-	(921)	-	(903)	-	(1,824)
Net book amount	33,424	-	101	616	4,943	228,357	267,441
Year ended 31 December 2023							
Opening net book amount	33,424	-	101	616	4,943	228,357	267,441
Additions	60,348	-	-	36	2,043	668,712	731,139
Transfer	-	-	-	9,743	-	(9,743)	-
Depreciation	-	-	-	(637)	(1,021)	-	(1,658)
Disposal	-	-	(102)	-	-	-	(102)
Currency translation differences	633	-	1	23	69	4,147	4,873
Closing net book amount	94,405	-	-	9,781	6,034	891,473	1,001,693
At 31 December 2023							
Cost	94,405	-	-	10,418	7,970	891,473	1,004,266
Accumulated depreciation	-	-	-	(637)	(1,936)	-	(2,573)
Net book amount	94,405	-	-	9,781	6,034	891,473	1,001,693

Depreciation charges in the amount of HKD1,658,000 and HKD723,000 were included in administrative expenses during the years ended 31 December 2023 and 2022 respectively.

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12 Subsurface use rights

	2023	2022
	HKD'000	HKD'000
At 1 January		
Cost	11,498	12,283
Accumulated amortisation	-	-
Net book amount	11,498	12,283
Year ended 31 December		
Opening net book amount	11,498	12,283
Currency translation differences	185	(785)
Closing net book amount	11,683	11,498
At 31 December		
Cost	11,683	11,498
Accumulated amortization	-	-
Net book amount	11,683	11,498

13 Financial instruments by category

As at 31 December 2023 and 2022, the financial instruments of the Group are analysed as follows:

	2023	2022
	HKD'000	HKD'000
Financial assets – at amortised cost		
Cash and cash equivalents	476,687	99,496
Other receivables	1,454	1,400
	478,141	100,896
Financial liabilities – at amortised cost		
Amounts due to shareholders	32,268	185,269
Borrowings	1,619,933	381,346
Other payables and accruals (excluding employee benefit payables, other tax payable and asset retirement obligation)	78,781	44,044
Lease liabilities	-	112
	1,730,982	610,771

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14 Prepayments and other receivables

	2023	2022
	HKD'000	HKD'000
Prepayments and others		
<i>Included in non-current assets:</i>		
Prepayment to contractors and suppliers	290,588	245,541
Deductible value-added tax	105,737	24,693
Others	3,639	1,230
	399,964	271,464
<i>Included in current assets:</i>		
Deferred listing expenses	6,393	175
Prepayment to suppliers	2,073	2,136
Prepaid insurance fees	1,429	1,260
Others	78	1,057
	9,973	4,628
	409,937	276,092
Other receivables		
<i>Included in current assets:</i>		
Interest receivables	-	416
Others	1,454	984
	1,454	1,400

15 Cash and cash equivalents

	2023	2022
	HKD'000	HKD'000
Cash at bank and in hand	476,687	39,467
Time deposits with original maturities less than three months (Note)	-	60,029
	476,687	99,496
Denominated in:		
EUR	449,084	773
USD	26,249	67,327
RMB	871	25,186
KZT	440	6,136
HKD	43	74
	476,687	99,496

Note:

The effective interest rates of the time deposits with original maturities within three months of the Group for the year ended 31 December 2023 are 3.53% (2022: 2.82%).

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16 Share capital

	Number of ordinary shares	Share capital HKD'000
As at 31 December 2022	11,765	267,254
Capital Contribution	-	198,399
As at 31 December 2023	11,765	465,653

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

	2023	2022
Amount registered in:		
- HKD'000	10	10
- RMB'000	395,588	220,588

Note:

- (i) Pursuant to a resolution of the shareholders' meeting passed on 15 February 2023, the share capital was increased through
- (a) capitalisation of the amounts of RMB75,863,000 (approximately HKD86,006,000) and RMB72,887,000 (approximately HKD82,633,000) due from Ever Trillion and JCHK, respectively; and
 - (b) contribution by cash of RMB17,500,000 (approximately HKD19,840,000) and RMB8,750,000 (approximately HKD9,920,000) 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) On January 24, 2024, the issued share capital of the Company of HKD10,000 and RMB395,588,000 was converted and redenominated into a total sum of HKD465,653,000.

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17 Other payables and accruals

	2023	2022
	HKD'000	HKD'000
Construction payables	67,851	32,461
Asset retirement obligation	12,637	2,505
Other taxes payables	9,241	9,462
Listing expense payables	8,238	400
Employee benefit payables	2,228	2,143
Accrual for loan arrangement fee	-	9,520
Others accruals	2,692	1,663
	102,887	58,154
Non-current portion	70,937	20,777
Current portion	31,950	37,377
	102,887	58,154

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

18 Borrowings

	2023	2022
	HKD'000	HKD'000
Secured bank loan denominated in Euro		
- Non-current	1,616,687	381,346
- Current	3,246	-
	1,619,933	381,346

In September 2020, the Company entered into a loan agreement with a bank in mainland China for a loan facility of EUR188 million for the purpose of financing the construction of the mining assets held by a subsidiary. 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 is payable by the Company. 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.

Jiangxi Copper Corporation Limited, the parent company of a shareholder of the Company, provided a corporate guarantee to the Company against the outstanding loan balance 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.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Borrowings (Continued)

As at 31 December 2023 and 2022, bank loans of EUR188,000,000 and EUR46,328,000 were drawn down, respectively.

Upon the signing of the loan agreement, the upfront arrangement fee of HKD18,954,000 was accrued and debited as prepayment (Note 14) and treated as a transaction cost when draw-down occur. In November 2022, the Company had not drawn down all the facility within the draw-down period thus the remaining upfront arrangement fee of HKD12,946,000 which is related to the undrawn facility of EUR141,672,000 was charged finance expense upon the draw-down period expired (Note 8).

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

The fair value of the secured bank loan as of 31 December 2023 and 2022 is HKD1,571,456,000 and HKD348,178,000, respectively, determined directly by references to the price quotation published by the European central bank on the last dealing date of each period.

The Group's borrowings were repayable as follows:

	2023	2022
	HKD'000	HKD'000
within 1 year	3,246	-
Between 1 and 2 years	50,414	3,759
Between 2 and 5 years	1,566,273	240,951
Over 5 years	-	136,636
	1,619,933	381,346

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 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/(liabilities) are analysed as follows:

	2023	2022
	HKD'000	HKD'000
Deferred income tax assets:		
- to be recovered after more than 12 months	4,385	2,990
Deferred tax assets and liabilities that have been offset in the statement of financial position	(4,385)	(2,990)
Net deferred income tax assets	-	-
Deferred income tax liabilities:		
- to be recovered after more than 12 months	(4,385)	(2,990)
Deferred tax assets and liabilities that have been offset in the statement of financial position	4,385	2,990
Net deferred income tax liabilities	-	-

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

Deferred income tax assets

	Accruals	Tax losses	Total
	HKD'000	HKD'000	HKD'000
At 1 January 2022	-	-	-
Deferred tax credited to profit or loss	503	2,501	3,004
Currency translation differences	(2)	(12)	(14)
At 31 December 2022	501	2,489	2,990
Deferred tax credited to profit or loss	2,143	(798)	1,345
Currency translation differences	11	39	50
At 31 December 2023	2,655	1,730	4,385

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Deferred income taxes(Continued)

Deferred income tax liabilities

	Difference on tax base and book value of property, plant and equipment	Discounting of long-term payable	Total
	HKD'000	HKD'000	HKD'000
At 1 January 2022	-	-	-
Deferred tax charged to the statement of profit or loss	(2,662)	(342)	(3,004)
Currency translation differences	12	2	14
At 31 December 2022	(2,650)	(340)	(2,990)
Deferred tax credited to profit or loss	(82)	(1,263)	(1,345)
Currency translation differences	(43)	(7)	(50)
At 31 December 2023	(2,775)	(1,610)	(4,385)

20 Cash flow information

(a) Cash flows from operating activities

	2023	2022
	HKD'000	HKD'000
Loss for the year	(80,129)	(94,450)
Adjustments for:		
-Depreciation of property, plant and equipment (Note 11)	1,658	723
-Interest income	(1,908)	(5,293)
-Interest expenses	4,746	24,653
-Foreign exchange losses	9,555	32,511
-Loss on disposal of property, plant and equipment	-	1,225
Changes in working capital:		
-Prepayments, other receivables and other assets	(1,963)	(4,891)
-Other payables and accruals	5,323	(1,985)
Net cash used in operating activities	(62,718)	(47,507)

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Amounts due to shareholders	Borrowings	Interest payable for borrowings	Lease liabilities	Total
	HKD'000	HKD'000	HKD'000		
At 1 January 2022	184,979	180,259	20	241	365,499
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
At 31 December 2022	185,269	381,346	118	112	566,845
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)
At 31 December 2023	32,268	1,619,933	1,698	-	1,653,899

Non-cash movement of amounts due to shareholders during the year ended 31 December 2023 mainly represents the capital injection disclosed in Note 16.

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

	2023 HKD'000	2022 HKD'000
Additions to:		
Property, plant and equipment	731,139	210,235
Adjustments for:		
Increase in prepayment to contractors and relevant tax prepayment	125,613	138,526
Increase in construction payables	(54,158)	(25,942)
Capitalization of interest expenses	(48,705)	(5,465)
Discounting effects of construction payable	4,065	305
	757,954	317,659

(d) The total cash outflow in financing activities for leases during the year ended 31 December 2023 was approximately HKD43,000 (2022: HKD115,000), including principal elements of lease payments of approximately HKD43,000 (2022: HKD103,000) and related interest paid of approximately nil (2022: HKD12,000).

Cash outflow for short-term lease payment during the year ended 31 December 2023 was approximately HKD601,000 (2022: HKD894,000).

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Commitments and contingent liabilities

(a) Capital expenditures for property, plant and equipment

During the year ended 31 December 2023, the Group has capital expenditures for property, plant and equipment of approximately HKD548,646,000 (2022: HKD1,159,230,000).

(b) Short-term lease commitments

The Group has short-term lease commitments related to its non-cancellable short-term leases for offices. As at 31 December 2023, the Group had future aggregate minimum lease payments under these short-term leases not recognised in lease liabilities of approximately HKD473,000 (2022: HKD546,000).

(c) Contingent liabilities

During the years ended 31 December 2023 and 2022, the Group did not have any contingent liabilities in respect of payment obligations of any third parties.

22 Investments in subsidiaries

Details of subsidiaries the Company at 31 December 2023 and 2022 are as follows:

Name	Place of establishment and nature of legal entity	Paid-in capital	Proportion of issued ordinary capital held		Principal activities
			2023	2022	
<u>Directly held:</u>					
Jiaxin (Zhuhai Hengqin) Technology Services Co., Ltd. ("Zhuhai Jiaxin")	People's Republic of China/ wholly owned enterprise	USD3,000,000	100%	100%	Investment holding
Jiaxin International Resources Investment S.à.r.l ("Jiaxin S.à.r.l")	Luxembourg/ wholly foreign-owned enterprise	USD20,000	100%	100%	Investment holding
<u>Indirectly held:</u>					
Aral-Kegen LLP ("Aral Kegen")	The Republic of Kazakhstan/ wholly foreign-owned enterprise	KZT151,200	99.99%	99.99%	Investment holding
Zhetisu Volfram LLP ("ZV") (note)	The Republic of Kazakhstan/ wholly foreign-owned enterprise	KZT200,000	97%	97%	Mining in Kazakhstan

Note: On 20 June 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 1 July 2023.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Related party transactions

As at 31 December 2023, Ever Trillion, JCHK, CRCC and CCECC holds 43.35%, 41.65%, 10% and 5% original capital of the Company and there is no immediate holding company of the Company.

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 consolidated financial statements:

(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 year ended 31 December 2023 and 2022.

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 (“江西铜业(香港)投资有限公司”)	A shareholder of the Company
Ever Trillion International Limited (“恒兆国际有限公司”)	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 Ltd. (“中国铁建国际投资集团有限公司”)	A shareholder of the Company
Jiangxi Copper Corporation Limited (“江西铜业集团有限公司”)	The parent company of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
China Civil Engineering Construction Corporation (“中国土木工程集团有限公司”)	The parent company of CCECC (H.K.) Limited, a shareholder of the Company
Zhuhai Huayue investment Company (“珠海市华粤投资有限公司”)	An entity jointly controlled by certain directors of the Company
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited (“江西铜业集团地质工程有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Construction Supervision Consulting Corporation Limited (“江西铜业建设监理咨询有限公司”)	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

In December 2020, Jiangxi Copper Corporation Limited provided guarantee for the Group's bank borrowings with fixed rate of 0.57% per annum. During the year ended 31 December 2023, the guarantee fee was paid and payable of HKD5,597,000 (2022: HKD1,538,000).

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Related party transactions (continued)

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

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

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

	2023	2022
	HKD'000	HKD'000
Contracts entered during the year	171,501	60,870
Construction services paid and payable	607,057	249,003
Payments for procurement of equipment	148,688	66,039

	2023	2022
	HKD'000	HKD'000
Contracted but not brought into the consolidated financial statements	535,518	1,140,344
Payables	66,255	30,736
Prepayments for procurement of equipment and construction services	288,317	245,541

(iii) Other transaction with related companies

	2023	2022
	HKD'000	HKD'000
Zhuhai Huayue investment Company		
-Rental expense	398	419
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited		
-Mine exploration and design service fee	431	-
Jiangxi Copper Construction Supervision Consulting Corporation Limited		
-Building-information-modeling system consulting service fee	442	-

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Related party transactions (Continued)

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

(iv) Non-trade balances with related parties

	2023	2022
	HKD'000	HKD'000
<u>Loan from shareholders (Note i)</u>		
JCHK	14,189	84,796
Ever Trillion	14,083	100,232
Liu Zijia	-	-
	<u>28,272</u>	<u>185,028</u>
<u>Payable to</u>		
Jiangxi Copper Corporation Limited (Note ii)	<u>3,996</u>	<u>241</u>
Amounts due to shareholders	<u>32,268</u>	<u>185,269</u>

Notes:

- (i) Prior to 8 September 2022, the amount due to shareholders was interest free. Pursuant to the shareholders loan agreement entered into among the shareholders and the Company on 8 September 2022, the shareholders loan carries interest payable quarterly at 4% per annum with effect from 16 June 2021. The loans were unsecured and no fixed term of repayment. On 15 February 2023, the loans from JCHK and Ever Trillion HKD82,633,000 and HKD86,006,000, respectively were capitalized as share capital, details of which are disclosed in Note 16.
- (ii) As at 31 December 2023 and 2022, payable to Jiangxi Copper Corporation Limited is arising from the guarantee provided. The balance was unsecured, interest-free and repayable on demand.

(c) Key management compensation

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

	2023	2022
	HKD'000	HKD'000
Fee, wages, salaries and bonuses	8,545	9,193
Pension	649	597
Other social security costs, housing benefits	575	497
	<u>9,769</u>	<u>10,287</u>

24 Events after the reporting period

Save for disclosed in Note 16, there were no other significant subsequent events during the period to the approval date of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements of Jiaxin International Resources Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is investment holdings. The Group is principally engaged in the tungsten ore exploration, development and mining in the Republic of Kazakhstan. The principal activities of the Company’s subsidiaries are set out in Note 26 to the consolidated financial statements.

Results and appropriations

The results of the Company for the year are set out in the consolidated statement of comprehensive loss on page 7.

The directors do not recommend any payment of dividend during the year ended 31 December 2024 (2023: Nil).

Share issued in the year

Details of the shares issued in the year are set out in Note 19 to the consolidated financial statements.

Directors of the Company

The directors of the Company during the year and up to the date of the report were:

Mr. Liqiang LIU (Chairman)
Mr. Keping ZHA
Mr. Huaizhi QIU
Mr. Zhongwei WANG
Ms. Jie LIAN

There being no provision in the Company’s Articles of Association for retirement by rotation, all directors continue in office.

Directors of the Company’s subsidiaries

During the year and up to the date of this report, the directors of the Company’s subsidiaries include Ms. Xiaoshan LIN, Ms. Mezhebitskaya E.A, Ms. Xiaorong YE, Ms. Ling JIANG.

Directors’ material interests in transactions, arrangements and contracts that are significant in relation to the Company’s business

Saved as those transactions disclosed in Note 30 to the consolidated financial statements, no transaction, arrangement and contract of significance in relation to the Company’s business to which the Company’s subsidiaries or its other associated corporations was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the directors of the company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the company or its specified undertakings or other associated corporation.

Business review

The Company is exempt from the requirement to prepare a business review under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it is entitled to reporting exemption under Sections 359 to 366 of the Hong Kong Companies Ordinance.

Management contracts

Saved as those transactions disclosed in Note 30 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

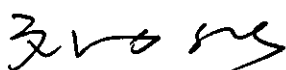
Permitted indemnity provisions

The articles of association of the Company provides that each director or former director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company may maintain appropriate directors liability insurance in respect of relevant legal actions against the directors of the Company.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of directors of the Company



.....
Mr. Liqiang LIU
Chairman

Hong Kong, 31 July 2025

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jiaxin International Resources Investment Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 7 to 56, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Other Information

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

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(Continued)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 July 2025

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Administrative expenses	6	(75,940)	(67,854)
Other losses, net	7	(83,749)	(9,437)
Operating loss		(159,689)	(77,291)
Finance income	9	78	1,908
Finance costs	9	(16,918)	(4,746)
Finance costs, net	9	(16,840)	(2,838)
Loss before income tax		(176,529)	(80,129)
Income tax expense	10	-	-
Loss for the year		(176,529)	(80,129)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		17,076	(2,950)
Other comprehensive income/(loss) for the year		17,076	(2,950)
Total comprehensive loss for the year		(159,453)	(83,079)
Loss for the year attributable to:			
Equity holders of the Company		(172,970)	(78,920)
Non-controlling interests		(3,559)	(1,209)
		(176,529)	(80,129)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(156,579)	(81,840)
Non-controlling interests		(2,874)	(1,239)
		(159,453)	(83,079)
Losses per share for loss attributable to equity holders of the Company (expressed in HK\$ per share)			
Basic and diluted	11	(14,702)	(6,708)

The notes on pages 12 to 56 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,494,752	1,001,693
Subsurface use rights	14	10,075	11,683
Prepayments and other assets	16	268,128	399,964
		<u>1,772,955</u>	<u>1,413,340</u>
Current assets			
Inventories	17	12,941	-
Prepayments	16	36,844	9,973
Other receivables	16	668	1,454
Cash and cash equivalents	18	41,440	476,687
		<u>91,893</u>	<u>488,114</u>
Total assets		<u><u>1,864,848</u></u>	<u><u>1,901,454</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	465,653	465,653
Other reserves		18,804	2,413
Accumulated losses		(491,784)	(318,814)
		<u>(7,327)</u>	<u>149,252</u>
Non-controlling interests		<u>(5,760)</u>	<u>(2,886)</u>
Total (deficit)/equity		<u><u>(13,087)</u></u>	<u><u>146,366</u></u>


JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

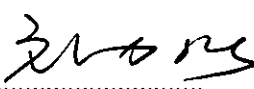
CONSOLIDATED STATEMENT OF FINANCIAL POSITION(CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 HKD'000	2023 HKD'000
LIABILITIES			
Non-current liabilities			
Other payables	20	46,708	70,937
Borrowings	21	1,470,386	1,616,687
		<u>1,517,094</u>	<u>1,687,624</u>
Current liabilities			
Other payables and accruals	20	86,464	31,950
Borrowings	21	184,643	3,246
Amounts due to shareholders	29(b)	57,951	32,268
Contract liabilities	22	31,783	-
		<u>360,841</u>	<u>67,464</u>
Total liabilities		<u>1,877,935</u>	<u>1,755,088</u>
Total (deficit)/equity and liabilities		<u>1,864,848</u>	<u>1,901,454</u>
Net current (liabilities)/assets		<u>(268,948)</u>	<u>420,650</u>

The notes on pages 12 to 56 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 7 to 56 were approved by the Board of Directors and were signed on its behalf by


.....
Director


.....
Director

JIAOXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the Company				
	Share capital	Currency translation differences	Accumulated losses	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	267,254	5,333	(239,894)	32,693	(1,647)
Comprehensive loss					
Loss for the year	-	-	(78,920)	(78,920)	(1,209)
Other comprehensive income:					
- Currency translation differences	-	(2,920)	-	(2,920)	(30)
Transactions with equity holders of the Company					
Capital contributions (Note 19)	198,399	-	-	198,399	-
As at 31 December 2023	465,653	2,413	(318,814)	149,252	(2,886)
As at 1 January 2024	465,653	2,413	(318,814)	149,252	(2,886)
Comprehensive loss					
Loss for the year	-	-	(172,970)	(172,970)	(3,559)
Other comprehensive income:					
- Currency translation differences	-	16,391	-	16,391	685
As at 31 December 2024	465,653	18,804	(491,784)	(7,327)	(5,760)

The notes on pages 12 to 56 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash used in operations	24(a)	(63,154)	(62,718)
Net cash used in operating activities		<u>(63,154)</u>	<u>(62,718)</u>
Cash flows from investing activities			
Payments for purchase of property, plant and equipment and subsurface use rights	24(c)	(447,090)	(757,954)
Interest received		78	2,324
Net cash used in investing activities		<u>(447,012)</u>	<u>(755,630)</u>
Cash flows from financing activities			
Capital contributions from shareholders	19(i)	-	29,765
Proceeds from borrowings	24(b)	141,546	1,194,512
Repayments of borrowings	24(b)	(3,177)	-
Increase in amounts due to shareholders	24(b)	15,568	11,614
Interest paid	24(b)	(62,907)	(34,358)
Payments for upfront arrangement fee		-	(9,421)
Principal elements of lease liabilities	24(d)	-	(43)
Payments for listing expenses		(2,794)	(4,299)
Net cash generated from financing activities		<u>88,236</u>	<u>1,187,770</u>
Net change in cash and cash equivalents		(421,930)	369,422
Cash and cash equivalents at beginning of the year		476,687	99,496
Effects of exchange rate changes on cash and cash equivalents		(13,317)	7,769
Cash and cash equivalents at end of the year		<u>41,440</u>	<u>476,687</u>

The notes on pages 12 to 56 are an integral part of these consolidated financial statements.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Jiaxin International Resources Investment Limited was incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance Cap. 622 on 29 August 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"). The principal activities of the subsidiaries are described in Note 26.

Prior to 31 May 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 31 May 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 30 August 2020. Accordingly, as at and during the year ended 31 December 2024, 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 years ended 31 December 2024 and 2023.

Pursuant to a resolution of the shareholders' meeting on 15 February 2023, it was resolved to increase the Company's share capital through capitalisation 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.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), unless otherwise stated.

2 Summary of accounting policies

This note provides a list of material accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements 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 consolidated financial statements has been prepared under the historical cost convention.

HKFRS comprise the following authoritative literature:

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

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

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.1 Basis of preparation (Continued)

During the years ended 31 December 2024 and 2023, the Group recorded net loss of HK\$176,529,000 and HK\$80,129,000, respectively and the Group recorded net liabilities and net current liabilities of HK\$13,087,000 and HK\$268,948,000 as at 31 December 2024 as the Group is still under the development and construction stage of its tungsten ore mine in Kazakhstan. In preparing this consolidated financial statements, the directors have taken into account a projected cash flow covering a period of not less than 12 months from 31 December 2024, the financial position of the Group as at 31 December 2024, and available sources of financing in the next 12 months from 31 December 2024, 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 consolidated financial statements has been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal courses of business.

2.2 Amendments to standards and interpretations adopted by the Group

The Group has applied the following amendments to standards and interpretations for its annual reporting period commencing 1 January 2024:

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

The above amendments to standards and interpretation did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards, amendments to standards and interpretation not yet adopted

The Group has not early adopted the following issued new standards and amendments to standards. 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
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Annual Improvements to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
	Contracts Referencing Nature – Dependent Electricity	
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 New standards, amendments to standards and interpretation not yet adopted (Continued)

**Effective for annual
periods beginning
on or after**

Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
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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 consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(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 end exchange rates are generally recognised 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 recognised in other comprehensive income.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
佳鑫國際資源投資有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.4 Material accounting policies (Continued)

(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 recognised 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 derecognised. 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	Straight-line over 10-15 years
Mining development assets	Units-of-production
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 recognised in the profit or loss. Subsequent exploration and evaluation costs are capitalised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.4 Material accounting policies (Continued)

(b) Property, plant and equipment (Continued)

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 recognised 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 capitalised 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 amortisation 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 amortised 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 amortisation 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 recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.4 Material accounting policies (Continued)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour, 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 realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(f) 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 utilised by the Group to reduce the existing contributions.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised 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 recognised until the time of leave.

(iii) Discretionary bonus

Discretionary bonus is accrued for the year 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.

(g) Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.4 Material accounting policies (Continued)

(g) Provisions and contingent liabilities (Continued)

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 recognised as interest expense.

Asset retirement obligations

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised 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 recognised 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 recognised 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 recognised 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 recognised in the profit or loss. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised 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 recognised corresponding to the provision, the excess shall be recognised 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.

(h) Borrowings and borrowings costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.4 Material accounting policies (Continued)

(h) Borrowings and borrowings costs (Continued)

Borrowings are removed from consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled 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 recognised 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 capitalised. Other borrowing costs are expensed in the period in which they are incurred. Capitalization of borrowing costs includes capitalising 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 capitalisation 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.

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 recognised in a separate reserve within equity attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.5 Other accounting policies (Continued)

(a) Principles of consolidation (Continued)

Changes in ownership interests (Continued)

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 recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

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 amortised 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 recognised on trade-date, the date on which the Group occurs transactions with other parties. Financial assets are derecognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.5 Other accounting policies (Continued)

(c) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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 amortised cost.

Amortised 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 amortised 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 recognised 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 amortised 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 recognised amounts, and there is an intention to settle on a net basis or realise 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) 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.

(e) 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.

(f) Other payables and accruals

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.5 Other accounting policies (Continued)

(g) 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, its subsidiaries, and associates 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 recognised, 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 realised or the deferred income tax liability is settled.

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised 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 balances relate to 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 realise the asset and settle the liability simultaneously.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.5 Other accounting policies (Continued)

(h) Leases

Leases are recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.5 Other accounting policies (Continued)

(h) Leases (Continued)

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 recognised 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 recognised 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 minimise 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 cash and cash equivalents and other receivables.

The Group has policies in place to ensure that all the bank balances are held in reputable 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.

(i) Expected credit loss ("ECL")

Impairment on financial assets at amortized cost 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 recognise 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 "judgement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Expected credit loss ("ECL") (Continued)

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.

Judgement 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 judgement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

(i) Expected credit loss ("ECL") (Continued)

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.

Cash and cash equivalents

As at 31 December 2024 and 2023, 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 31 December 2024 and 2023, 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 31 December 2024 and 2023, 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 recognised during the years ended 31 December 2024 and 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(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 analyse 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
At 31 December 2024						
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>
At December 31, 2023						
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>

(c) Market risk

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in Euro ("EUR"), Chinese Renminbi ("RMB"), United States dollar ("US\$") and Kazakhstani Tenge ("KZT"). Foreign exchange risk arises when future commercial transactions or recognised 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. For the financial year beginning 1 January 2024, no forward foreign exchange contracts had been entered into by the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) *Foreign exchange risk (Continued)*

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

	2024	2023
	HK\$'000	HK\$'000
Monetary assets denominated in		
EUR	2,246	449,084
RMB	38,275	1,981
US\$	141	26,247
KZT	1,014	442
	<u> </u>	<u> </u>
Monetary liabilities denominated in		
EUR	1,532,025	1,625,692
RMB	230,293	68,754
US\$	21,446	19,979
KZT	28,754	24,332
	<u> </u>	<u> </u>

During the years ended 31 December 2024 and 2023, 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.

	2024	2023
	HK\$'000	HK\$'000
Net amounts of monetary assets/(liabilities) denominated in the following currencies against HK\$		
EUR	62,415	(23,676)
RMB	15,558	(439)
US\$	216,078	217,057
	<u> </u>	<u> </u>
Net amounts of monetary assets/(liabilities) denominated in the following currencies against KZT		
EUR	(1,590,099)	(1,151,137)
RMB	(182,296)	(66,255)
US\$	(237,329)	(210,787)
	<u> </u>	<u> </u>

The sensitivity of profit or loss to changes in the exchange rates against HK\$ and KZT are as follows:

	2024	2023
	HK\$'000	HK\$'000
Exchange of the following currencies against HK\$:		
EUR exchange rate – increase 10%	6,242	(2,368)
EUR exchange rate – decrease 10%	(6,242)	2,368
RMB exchange rate – increase 5%	(778)	(22)
RMB exchange rate – decrease 5%	778	22

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Market risk (Continued)

(i) *Foreign exchange risk (Continued)*

	Decrease/(increase) on loss for the year	
	2024	2023
	HK\$'000	HK\$'000
Exchange of the following currencies against KZT:		
EUR exchange rate – increase 10%	(159,010)	(115,114)
EUR exchange rate – decrease 10%	159,010	115,114
US\$ exchange rate – increase 10%	(23,733)	(21,079)
US\$ exchange rate – decrease 10%	23,733	21,079
RMB exchange rate – increase 10%	(18,230)	(6,626)
RMB exchange rate – decrease 10%	18,230	6,626

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 the each reporting period are as follows:

	2024	2023
	HK\$'000	HK\$'000
Variable rate borrowings	1,147,303	1,222,770
Fixed rate borrowings – maturity dates:		
Less than 1 year	184,643	3,246
1 – 5 years	323,083	393,917
	<u>1,655,029</u>	<u>1,619,933</u>

During the years ended 31 December 2024 and 2023, 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 capitalisation, the finance costs of the Group would be increased/decreased by approximately HK\$5,997,000 and HK\$2,779,000.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's main objective when managing capital is to maximise shareholders' returns and at the same time conduct its business within prudent guidelines. Management strives to maintain an optimal capital structure so as to maximise 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", as shown in the consolidated statements of financial position plus net debt.

As at 31 December 2024 and 2023, the gearing ratio was as follows:

	2024 HK\$'000	2023 HK\$'000
Lease liabilities	-	-
Borrowings	1,655,029	1,619,933
Amounts due to shareholders	57,951	32,268
Less: Cash and cash equivalents	(41,440)	(476,687)
Net debt	1,671,540	1,175,514
Total equity	(13,087)	146,366
Total capital	1,658,453	1,321,880
Gearing ratio	101%	89%

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

3.3 Fair value estimation

As at 31 December 2024 and 2023, the Group did not have any financial instruments that are measured at fair value in the 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 amortised cost in the consolidated financial statements approximate their fair values due to their short maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

The Group makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates and judgements will, by definition, seldom equal the related actual results. The estimates, judgements 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 judgements 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 capitalisation.
- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (Continued)

(a) Impairment of non-financial assets (continued)

As at 31 December 2024 and 2023, 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 16) and deductible value-added tax (Note 16).

(b) Provisions for asset retirement obligations

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised 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 judgement 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 recognises 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 recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. 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 in which such estimate is charged.

5 Segment information

Management has determined the operating segments based on the reports reviewed by CODM.

The Group is principally engaged in exploration, development, 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. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Expenses by nature

	2024 HK\$'000	2023 HK\$'000
Employee benefit expenses (including directors' emoluments) (Note 8)	39,542	26,818
Listing expenses	11,535	19,077
Mining evaluation cost	466	431
Insurance expenses	3,193	3,214
Travelling and business conference expenses	3,266	2,922
Legal and professional fees	3,412	2,537
Depreciation (Note 13)	1,845	1,658
Contribution to local community	3,079	3,768
Auditors' remuneration	738	820
Office expenses	754	674
Short-term lease expenses	919	563
Others	7,191	5,372
	<u>75,940</u>	<u>67,854</u>

7 Other losses, net

	2024 HK\$'000	2023 HK\$'000
Foreign exchange losses, net (note 9(a))	(84,813)	(9,555)
Others	1,064	118
	<u>(83,749)</u>	<u>(9,437)</u>

8 Employee benefit expenses (including directors' emoluments)

	2024 HK\$'000	2023 HK\$'000
Wages, salaries and bonuses	31,208	17,086
Staff welfare expenses	4,195	3,122
Pensions (note (a))	1,306	2,630
Other social security costs, housing benefits	2,833	3,980
	<u>39,542</u>	<u>26,818</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.

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8 Employee benefit expenses (Continued)

(a) Pensions – defined contribution plans (Continued)

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 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.

As at 31 December 2024 and 2023, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

(b) Directors' emoluments

Details of the directors' emoluments are as follows:

	2024 HK\$'000	2023 HK\$'000
Salary, allowances and benefits in kind	1,251	1,178
Discretionary bonus	646	537
Contributions to retirement benefits scheme	170	185
Other emoluments	817	756
	<u>2,884</u>	<u>2,656</u>

Note: Salary paid to a director is generally an emolument 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) Directors' retirement and termination benefits

None of the directors received or will receive any retirement and termination benefits during the years ended 31 December 2024 and 2023.

(ii) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, no consideration was provided to or receivable by any third parties for making available directors' services.

(iii) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No other loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2024 and 2023.

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8 Employee benefit expenses (Continued)

(b) Directors' emoluments (Continued)

(iv) 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 years ended 31 December 2024 and 2023.

9 Finance costs, net

	2024 HK\$'000	2023 HK\$'000
Finance income:		
Interest income on deposits in financial institutions	78	1,908
Finance costs:		
Interest expenses (Note 21)	(86,722)	(40,239)
Unwinding of discount	(2,269)	(4,057)
Foreign exchange losses, net	(107,771)	(9,155)
	(196,762)	(53,451)
Less: Amount capitalized (note)	179,844	48,705
	(16,918)	(4,746)
Finance income/(costs), net	(16,840)	(2,838)

Note: During the years ended 31 December 2024 and 2023, interest expenses and foreign exchange losses of approximately HK\$179,844,000 and HK\$48,705,000 respectively was capitalized into property, plant and equipment in relation to the borrowings specifically financed for the construction of mining assets of the Group.

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10 Income tax

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year. No provision for profits tax has been made as the Company had no estimated taxable profit for the financial year.

(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% for the years ended 31 December 2024 and 2023.

(ii) *Kazakhstan profits tax*

The subsidiaries in Kazakhstan are subject to Kazakhstan profits tax at an applicable rate of 20% for the years ended 31 December 2024 and 2023.

(iii) *PRC corporate income tax*

The subsidiary established in the PRC is subject to PRC corporate income tax at an applicable rate of 25% for the years ended 31 December 2024 and 2023.

(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% for the years ended 31 December 2024 and 2023.

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

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(176,529)	(80,129)
Tax calculated at a tax rate of 16.5%	(29,127)	(13,221)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,970)	(1,190)
Expenses not deductible for tax purposes	2,529	3,547
Income not subject to tax	-	(5,338)
Deferred income tax assets on taxable losses not recognised	30,568	16,202
Income tax expense	-	-

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10 Income tax (Continued)

As at 31 December 2024 and 2023, the Group had unutilised and unrecognised tax losses available for offsetting against future profits. The expiry period of these unutilised and unrecognised tax losses are as follows:

	2024 HK\$'000	2023 HK\$'000
Within 5 years	23,653	23,379
Within 10 years	191,882	82,239
No expiry date	261,279	209,277
	<u>476,814</u>	<u>314,895</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 years ended 31 December 2024 and 2023.:

		2024	2023
Losses attributable to the equity holders of the Company	<i>HK\$'000</i>	(172,970)	(78,920)
Weighted average number of ordinary shares in Issue	<i>Share</i>	11,765	11,765
Basic losses per share	<i>HK\$</i>	<u>(14,702)</u>	<u>(6,708)</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.

12 Dividends

No dividend has been paid or declared by the Group during the years ended 31 December 2024 and 2023.

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13 Property, plant and equipment

	Mining development assets HK\$'000	Right-of-use assets – office premises HK\$'000	Buildings HK\$'000	Others HK\$'000 (note)	Con- struction in progress HK\$'000	Total HK\$'000
At 1 January 2023						
Cost	33,424	1,022	616	5,846	228,357	269,265
Accumulated depreciation	-	(921)	-	(903)	-	(1,824)
Net book amount	33,424	101	616	4,943	228,357	267,441
Year ended 31 December 2023						
Opening net book amount	33,424	101	616	4,943	228,357	267,441
Additions	60,348	-	36	2,043	668,712	731,139
Transfer	-	-	9,743	-	(9,743)	-
Depreciation	-	-	(637)	(1,021)	-	(1,658)
Disposal	-	(102)	-	-	-	(102)
Currency translation differences	633	1	23	69	4,147	4,873
Closing net book amount	94,405	-	9,781	6,034	891,473	1,001,693
At 31 December 2023						
Cost	94,405	-	10,418	7,970	891,473	1,004,266
Accumulated depreciation	-	-	(637)	(1,936)	-	(2,573)
Net book amount	94,405	-	9,781	6,034	891,473	1,001,693
Year ended 31 December 2024						
Opening net book amount	94,405	-	9,781	6,034	891,473	1,001,693
Additions	2,594	-	509	849	715,237	719,189
Depreciation	-	-	(644)	(1,201)	-	(1,845)
Currency translation differences	(13,279)	-	(1,332)	(763)	(208,911)	(224,285)
Closing net book amount	83,720	-	8,314	4,919	1,397,799	1,494,752
At 31 December 2024						
Cost	83,720	-	9,438	7,696	1,397,799	1,498,653
Accumulated depreciation	-	-	(1,124)	(2,777)	-	(3,901)
Net book amount	83,720	-	8,314	4,919	1,397,799	1,494,752

Note: Others mainly comprised motor vehicles, computers and office equipment.

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13 Property, plant and equipment (Continued)

Depreciation charges of HK\$1,845,000 and HK\$1,658,000 were included in administrative expenses during the years ended 31 December 2024 and 2023.

Subsequent to 31 December 2024, the Group substantially completed the construction of the mining infrastructure of the Boguty tungsten mine in Kazakhstan and majority of the construction in progress have been transferred to relevant categories within the proper, plant and equipment in April 2025.

14 Subsurface use rights

	2024 HK\$'000	2023 HK\$'000
At 1 January		
Cost	11,683	11,498
Accumulated amortisation	-	-
Net book amount	<u>11,683</u>	<u>11,498</u>
Year ended 31 December		
Opening net book amount	11,683	11,498
Currency translation differences	(1,608)	185
Closing net book amount	<u>10,075</u>	<u>11,683</u>
At 31 December		
Cost	10,075	11,683
Accumulated amortisation	-	-
Net book amount	<u>10,075</u>	<u>11,683</u>

15 Financial instruments by category

	2024 HK\$'000	2023 HK\$'000
Financial assets – at amortised cost		
Cash and cash equivalents	41,440	476,687
Other receivables	668	1,454
	<u>42,108</u>	<u>478,141</u>
Financial liabilities – at amortised cost		
Amounts due to shareholders	57,951	32,268
Borrowings	1,655,029	1,619,933
Other payables and accruals (excluding employee benefit payables, other tax payable and asset retirement obligation)	99,627	78,781
	<u>1,812,607</u>	<u>1,730,982</u>

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16 Prepayments, other assets and other receivables

	2024 HK\$'000	2023 HK\$'000
Prepayments and other assets		
<i>Included in non-current assets:</i>		
Prepayments to contractors and suppliers	116,758	290,588
Deductible value-added tax	149,276	105,737
Others	2,094	3,639
	<u>268,128</u>	<u>399,964</u>
<i>Included in current assets:</i>		
Deferred listing expenses	9,642	6,393
Prepayments to suppliers	19,451	2,073
Prepaid insurance fees	1,447	1,429
Others	6,304	78
	<u>36,844</u>	<u>9,973</u>
	<u><u>304,972</u></u>	<u><u>409,937</u></u>
Other receivables		
<i>Included in current assets:</i>		
Others	<u>668</u>	<u>1,454</u>

The carrying amounts of other receivables as at 31 December 2024 and 2023 approximate their fair values.

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

17 Inventories

	2024 HK\$'000	2023 HK\$'000
Raw materials (consumables, spare parts and others)	5,367	-
Work in progress	7,574	-
	<u>12,941</u>	<u>-</u>

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18 Cash and cash equivalents

	2024 HK\$'000	2023 HK\$'000
Cash at bank and in hand	41,440	476,687
Denominated in:		
EUR	2,246	449,084
KZT	1,014	440
RMB	38,029	871
US\$	141	26,249
HK\$	10	43
	<u>41,440</u>	<u>476,687</u>

19 Share capital

	Number of ordinary shares	Share capital HK\$'000
Issued and fully paid		
As at 1 January 2023	11,765	267,254
Capital contributions (note (i))	-	198,399
As at 31 December 2023 and 31 December 2024	<u>11,765</u>	<u>465,653</u>

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:

	2024	2023
Amount registered in:		
- HK\$'000	465,653	10
- RMB'000	-	395,588

Notes:

- (i) Pursuant to a resolution of the shareholders' meeting passed on 15 February 2023, the share capital was increased through
- (a) capitalisation 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.

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19 Share capital (Continued)

Notes (Continued):

- (ii) Pursuant to a written resolution of shareholders on 24 January 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.

20 Other payables and accruals

	2024 HK\$'000	2023 HK\$'000
Construction payables	85,545	67,851
Asset retirement obligation	13,291	12,637
Listing expense payables	10,058	8,238
Employee benefit payables	11,012	2,228
Accrual for loan arrangement fee	-	-
Other taxes payables	9,243	9,241
Other accruals	4,024	2,692
	<u>133,173</u>	<u>102,887</u>
Non-current portion	46,708	70,937
Current portion	86,464	31,950
	<u>133,172</u>	<u>102,887</u>

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

21 Borrowings

	2024 HK\$'000	2023 HK\$'000
Non-current		
- Secured bank loan denominated in Euro (Note (a))	1,470,386	1,616,687
Current		
- Secured bank loan denominated in Euro – current portion (Note (a))	47,408	3,246
- Secured bank loan denominated in RMB (Note (b))	31,170	-
- Unsecured bank loan denominated in RMB (Note (c))	106,065	-
	<u>184,643</u>	<u>3,246</u>
	<u>1,655,029</u>	<u>1,619,933</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Borrowings (Continued)

(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 mining assets. 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 16) 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 14 February 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 31 December 2024 and 2023, bank loans of EUR nil and EUR 141,672,000 were drawn down from the above facility, respectively. As at 31 December 2024 and 2023, committed borrowings from the above facility available to the Group but not drawn amounted to EUR nil and EUR 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 the 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 15 April 2024. The repayment terms and interest rate will be individually agreed upon draw-down.

As at 31 December 2024 and 2023, bank loans of 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 a loan agreement with another 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 17 April 2024. The repayment terms and interest rate will be individually agreed upon draw-down. This loan facility is unsecured.

As at 31 December 2024 and 2023, bank loans of RMB99,798,000 and nil were drawn down from the above facility, respectively.

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21 Borrowings (Continued)

(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 balance 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.

The fair value of the secured bank loan as of 31 December 2024 and 2023 was HK\$1,483,204,000 and HK\$1,571,456,000, respectively, determined directly by references to the price quotation published by the European central bank on the last dealing date of each period.

The Group's borrowings were repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	184,643	3,246
Between 1 and 2 years	201,599	50,414
Between 2 and 5 years	1,268,787	1,566,273
	<u>1,655,029</u>	<u>1,619,933</u>

22 Contract liabilities

	2024 HK\$'000	2023 HK\$'000
Within 1 year	<u>31,783</u>	<u>-</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.

23 Deferred income tax

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 analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets:		
- to be recovered after more than 12 months	5,241	4,385
Deferred tax assets and liabilities that have been offset in the statement of financial position	<u>(5,241)</u>	<u>(4,385)</u>
Net deferred income tax assets	<u>-</u>	<u>-</u>

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23 Deferred income tax (Continued)

Deferred income liabilities are analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred income tax liabilities:		
- to be recovered after more than 12 months	(5,241)	(4,385)
Deferred tax assets and liabilities that have been offset in the statement of financial position	5,241	4,385
Net deferred income tax liabilities	-	-

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

	Accruals HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2023	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 31 December 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 31 December 2024	3,072	2,169	5,241

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

	Difference on tax base and book value of property, plant and equipment HK\$'000	Discounting of long-term payable HK\$'000	Total HK\$'000
At 1 January 2023	(2,650)	(340)	(2,990)
Deferred tax charged to profit or loss	(82)	(1,263)	(1,345)
Currency translation differences	(43)	(7)	(50)
At 31 December 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 31 December 2024	(4,069)	(1,172)	(5,241)

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24 Cash flow information

(a) Cash flows from operating activities

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(176,529)	(80,129)
Adjustments for:		
-Depreciation of property, plant and equipment (Note 13)	1,845	1,658
-Interest income	(78)	(1,908)
-Interest expenses	16,918	4,746
-Foreign exchange losses	84,813	9,555
Changes in working capital:		
-Prepayments, other receivables and other assets	(21,291)	(1,963)
-Other payables and accruals	12,326	5,323
-Contract liabilities	31,783	-
-Increase in inventories	(12,941)	-
Cash used in operations	(63,154)	(62,718)

(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
At 1 January 2023	185,269	381,346	118	112	566,845
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)
At 31 December 2023	32,268	1,619,933	1,698	-	1,653,899
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)
At 31 December 2024	57,951	1,655,029	1,587	-	1,714,567

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24 Cash flow information(Continued)

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

	2024 HK\$'000	2023 HK\$'000
<i>Additions to:</i>		
Property, plant and equipment (Note 13)	719,189	731,139
<i>Adjustments for:</i>		
Increase in prepayment to contractors and relevant tax prepayment	(86,826)	125,613
Increase in construction payables	(20,889)	(54,158)
Capitalisation of interest expenses	(179,691)	(48,705)
Discounting of construction payables	15,307	4,065
	<u>447,090</u>	<u>757,954</u>

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

Cash outflow for short-term lease payments during the years ended 31 December 2024 and 2023 was approximately HK\$898,000 and HK\$601,000, respectively.

25 Commitments and contingent liabilities

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

	2024 HK\$'000	2023 HK\$'000
Contracts had been entered into but not brought into the consolidated financial statements	<u>336,736</u>	<u>548,646</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 recognised in lease liabilities are as follows:

	2024 HK\$'000	2023 HK\$'000
Not later than 1 year	<u>414</u>	<u>473</u>

- (c) Contingent liabilities

During the years ended 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Investments in subsidiaries

Details of subsidiaries of the Company at 31 December 2024 and 2023 are as follows:

Name	Place of establishment and nature of legal entity	Paid-in capital	Proportion of issued ordinary capital held		Principal activities
			2024	2023	
<u>Directly held:</u>					
Jiaxin (Zhuhai Hengqin) Technology Services Co., Ltd. (“Zhuhai Jiaxin”)	People’s Republic of China/ limited liability company	US\$ 3,000,000	100%	100%	Investment holding
Jiaxin International Resources Investment Limited S.à.r.l., (“Jiaxin Luxembourg”)	Luxembourg/ limited liability company	US\$ 20,000	100%	100%	Investment holding
<u>Indirectly held:</u>					
Aral-Kegen LLP (“Aral Kegen”)	The Republic of Kazakhstan/ limited liability partnership	KZT 151,200	99.99%	99.99%	Investment holding
Zhetisu Volframyl LLP (“ZV”)	The Republic of Kazakhstan/ limited liability partnership	KZT 200,000	97%	97%	Mining in Kazakhstan

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27 Notes to the statement of financial position and changes in equity of the Company

	2024 HK\$'000	2023 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	12	16
Investments in subsidiaries	23,468	23,468
Amounts due from subsidiaries	1,962,692	1,677,146
	<u>1,986,172</u>	<u>1,700,630</u>
Current assets		
Amounts due from subsidiaries	23	151,428
Prepayments	11,089	7,822
Other receivables	-	-
Cash and cash equivalents	2,258	10,574
	<u>13,370</u>	<u>169,824</u>
Total assets	<u><u>1,999,542</u></u>	<u><u>1,870,454</u></u>
EQUITY		
Share capital	465,653	465,653
Accumulated losses	(201,773)	(257,691)
Total equity	<u><u>263,880</u></u>	<u><u>207,962</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,470,386	1,616,687
Current liabilities		
Borrowings	184,643	3,246
Other payables and accruals	22,682	10,291
Amounts due to shareholders	57,951	32,268
Total current liabilities	<u>265,276</u>	<u>45,805</u>
Total liabilities	<u><u>1,735,662</u></u>	<u><u>1,662,492</u></u>
Total equity and liabilities	<u><u>1,999,542</u></u>	<u><u>1,870,454</u></u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Amounts due from subsidiaries

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Amounts due from Jiaxin Luxembourg		
- Loan and interest receivable	1,721,624	1,725,374
- Others receivables	2,102	1,842
Amounts due from ZV		
- Loan and interest receivable	238,989	101,358
	<u>1,962,715</u>	<u>1,828,574</u>

As at 31 December 2024 and 2023, 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 31 December 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 31 December 2024, 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.

29 Accumulated losses of the Company

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Beginning of the year	(257,691)	(186,505)
(Loss)/profit and total comprehensive		
Loss/income for the year	55,918	(71,186)
End of the year	<u>(201,773)</u>	<u>(257,691)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 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 consolidated financial statements :

(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 years ended 31 December 2024 and 2023.

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 (“江西铜业(香港)投资有限公司”)	A shareholder of the Company
Ever Trillion International Limited (“恒兆国际有限公司”)	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 (“中国铁建国际投资集团有限公司”)	A shareholder of the Company
Jiangxi Copper Corporation Limited (“江西铜业集团有限公司”)	The parent company of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
China Civil Engineering Construction Corporation (“中国土木工程集团有限公司”)	The parent company of CCECC (H.K.) Limited, a shareholder of the Company
Zhuhai Huayue investment Company(“珠海市华粤投资有限公司”)	An entity jointly controlled by certain directors of the Company
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited(“江西铜业集团地勘工程有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Construction Supervision Consulting Corporation Limited(“江西铜业建设监理咨询有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Lead Mountain) Beneficiation Chemicals Corporation Limited (“江西铜业集团(铅山)选矿药剂有限公司”)	A fellow subsidiary of Jiangxi Copper (Hong Kong) Investment Company Limited, a shareholder of the Company
Jiangxi Copper Group (Dexing) Foundry Corporation Limited(“江西铜业集团(德兴)铸造有限公司”)	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 years ended 31 December 2024 and 2023, Jiangxi Copper Corporation Limited provided a guarantee for the Group’s borrowings at a fixed guarantee fee of 0.57% per annum as discloses in Note 21. During the years ended 31 December 2024 and 2023, the guarantee fee paid and payable amounted to HK\$9,268,000 and HK\$5,597,000 respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Related party transactions (continued)

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

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

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

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Contracts entered during the year	123,988	171,501
Construction services paid and payable	260,491	607,057
Payments for procurement of equipment	124,165	148,688
Payments for procurement of mining service	3,400	-
	<u> </u>	<u> </u>
	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Contracted but not brought into the consolidated financial statements	329,473	535,518
Construction payables	48,951	66,255
Prepayments for procurement of equipment and construction services	110,639	288,317
	<u> </u>	<u> </u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Related party transactions (continued)

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

(iii) *Other transaction with related companies*

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Zhuhai Huayue investment Company		
-Rental expense	390	398
Jiangxi Copper Group Geological Prospecting Engineering Corporation Limited		
-Mine exploration and design service fee	347	431
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	-
Jiangxi Copper Group (Dexing) Foundry Corporation Limited		
-Purchases of goods	859	-

(iv) Outstanding balances arising from purchases of goods

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Jiangxi Copper Group (Lead Mountain) Beneficiation Chemicals Corporation Limited	3,242	-
Jiangxi Copper Group (Dexing) Foundry Corporation Limited	3,741	-
	<u>6,983</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Related party transactions (Continued)

- (b) Transactions and balance with related parties (continued)
(v) Non-trade balances with related parties

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
<u>Loan from shareholders (Note i)</u>		
JCHK	14,673	14,189
Ever Trillion	30,632	14,083
	<u>45,305</u>	<u>28,272</u>
<u>Payable to</u>		
Jiangxi Copper Corporation Limited (Note ii)	12,646	3,996
	<u>57,951</u>	<u>32,268</u>

Notes:

- (i) Prior to 8 September 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 16 June 2021. The loans were unsecured and no fixed term of repayment. On 15 February 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.

On 7 August 2024, the Company entered into another shareholders loan agreement with Ever trillion, the loan amounted to USD2,000,000 (approximately HKD15,568,000) carried a fixed interest rate of 8% per annum, which is repayable quarterly. The amounts were unsecured and the maturity date is 30 June 2025.

- (ii) As at 31 December 2024 and 2023, 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Related party transactions (Continued)

(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 31 December	
	2024	2023
	HK\$'000	HK\$'000
Fee, wages, salaries and bonuses	8,913	8,545
Pension	658	649
Other social security costs, housing benefits	489	575
	<u>10,060</u>	<u>9,769</u>

31 Events after the reporting period

Save for disclosed in Note 13, there were no significant events after the end of the years ended 31 December 2024 that require additional disclosure or adjustments.

JIAXIN INTERNATIONAL RESOURCES INVESTMENT LIMITED
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UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE LOSS

	2024 HK\$'000	2023 HK\$'000
Administrative expenses	(51,420)	(54,153)
Other gains, net	2,426	7,811
Operating loss	(48,994)	(46,342)
Finance income	179,647	24,541
Finance costs	(74,735)	(49,385)
Finance income/(costs), net	104,912	(24,844)
Profit/loss before income tax	55,918	(71,186)
Income tax expense	-	-
Profit/loss for the year	55,918	(71,186)
Total comprehensive income/(loss) for the year	55,918	(71,186)