



# 力量发展

KINETIC DEVELOPMENT GROUP

**KINETIC DEVELOPMENT GROUP LIMITED**

**力量發展集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1277

# 2025

INTERIM  
REPORT





The background of the page is a collage of four images separated by white curved lines. The top-left image shows a power transmission tower and a banner with Chinese characters '力量' (Strength), '安全' (Safety), '环保' (Environmental Protection), and '绿色' (Green). The top-right image shows a large industrial facility with tall smokestacks. The bottom-left image shows a steep, rocky hillside. The bottom-right image shows an aerial view of an industrial complex with various buildings and structures.

# Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Unaudited Interim Financial Report	20
Other Information	51

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ju Wenzhong (*Chairman*)

Mr. Li Bo (*Chief Executive Officer*)

Mr. Ji Kunpeng

### Non-executive Director

Ms. Zhang Lin

### Independent Non-executive Directors

Ms. Liu Peilian

Mr. Chen Liangnuan

Ms. Xue Hui

## AUDIT COMMITTEE

Ms. Liu Peilian (*Chairlady*)

Mr. Chen Liangnuan

Ms. Zhang Lin

## REMUNERATION COMMITTEE

Ms. Xue Hui (*Chairlady*)

Ms. Liu Peilian

Ms. Zhang Lin

## NOMINATION COMMITTEE

Mr. Ju Wenzhong (*Chairman*)

Mr. Chen Liangnuan

Ms. Xue Hui

## AUTHORISED REPRESENTATIVES

Mr. Ju Wenzhong

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

Ms. Cheng Lucy (*resigned on 6 February 2025*)

## JOINT COMPANY SECRETARIES

Ms. Wang Lanlan (*appointed on 17 April 2025*)

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

Ms. Cheng Lucy (*resigned on 6 February 2025*)

## REGISTERED OFFICE

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111, Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Dafanpu Coal Mine

Majiata Village, Xuejiawan Town

Zhunge'er Banner, Ordos City

Inner Mongolia, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor

80 Gloucester Road

Wan Chai

Hong Kong

## AUDITOR

KPMG

*Certified Public Accountants*

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

8th Floor

Prince's Building

10 Chater Road

Central, Hong Kong

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-16, 17th Floor

Hopewell Centre, 183 Queen's Road East

Wanchai, Hong Kong

## PRINCIPAL BANKER

China Construction Bank Corporation

## STOCK CODE

1277

## WEBSITE OF THE COMPANY

[www.kineticme.com](http://www.kineticme.com)



## Chairman's Statement

On behalf of the board of directors (the “**Board**”) of Kinetic Development Group Limited (the “**Company**”), I am pleased to present the results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025.

In the first half of 2025, escalating international geopolitical conflicts and trade frictions posed pressure on the global economy. With the precise adjustment and control implemented by the Chinese government, the macro economy was generally stable, with the resilience of the Chinese economy continuing to manifest. According to data from the National Bureau of Statistics of China, the gross domestic product (“**GDP**”) of the People's Republic of China (the “**PRC**”) reached approximately RMB66.1 trillion in the first half of 2025, representing a year-on-year increase of 5.3% at constant prices.

In the first half of 2025, the domestic coal market remained oversupplied. The national output of raw coal has continued to maintain a high level in recent years, with coal stockpiles across different segments remaining high. On the other hand, demand for coal from the downstream was hampered by the sluggish domestic consumption growth and the persistently weak real estate market. As such, domestic coal prices fluctuated downward in the first half of 2025, approaching pre-pandemic levels.

As a leading integrated coal enterprise in China, the Group's business activities cover coal production, washing, loading, transportation and trading. During the first half of 2025, the Group maintained strict control over its coal product quality, and flexibly secured higher selling prices in the face of persistently low market coal prices, striving to mitigate the impact of the market downturn on performance. For the six months ended 30 June 2025, the Group's revenue reached approximately RMB2,509.5 million, representing a slight decrease of 0.9% year-on-year; of which revenue from the coal business amounted to approximately RMB2,330.3 million, representing a year-on-year decrease of 7.1%.

In the first half of 2025, the Group continued to promote the safe, efficient and green mine construction. In terms of safety, the Group regularly organised hands-on training and safe production month activities to improve the skills and safety awareness of employees. In terms of production, the Group adopts advanced mining and washing processes to improve production efficiency. In terms of operation management, the Group continued to implement refined management to reduce operational costs at coal mines. For the six months ended 30 June 2025, the Group's gross profit margin was 46.9%, while the net profit margin was 22.2%, remaining at a relatively high level in the industry.

In terms of coal resource expansion, the Yong'an Coal Mine in Ningxia entered the joint trial operation phase in November 2024, and the construction of the Weiyi Coal Mine is progressing as scheduled, which will effectively expand the Group's coal production capacity and diversify coal varieties. Additionally, the Group is expanding its overseas business through subscribing in aggregate 51% new shares (on an enlarged basis) in MC Mining Limited (“**MC Mining**”) a company incorporated under the laws of Australia, the securities of which are listed on the Australian Securities Exchange and Johannesburg Stock Exchange, to focus on developing, among others, the Makhado open-pit coal project in South Africa. Upon operational, the project is expected to become one of the Group's key growth drivers for future performance.





## Chairman's Statement

In addition, the Group places great emphasis on environmental protection and sustainable and diversified development. Its Dafanpu Coal Mine continues to maintain the honour of being a national-level green mine attributable to its outstanding performance in ecological protection and rational resource utilisation, setting an industry standard for green development.

Besides operating its principal coal business, the Group has also strategically diversified into ancillary businesses including agriculture and animal husbandry, real estate, property management services and cigar and tobacco, which further enhanced the Group's performance.

Looking ahead to the second half of 2025, the global economic environment will remain complex and challenging with an uncertain outlook. The Chinese government will continue to prioritise stability, implement precise macro-economic adjustment and control and continuously stimulate domestic demand, through which the domestic economy is expected to maintain a stable and positive momentum. As for the coal industry, it is anticipated that coal market supply in China will tighten under the coal overproduction control policy in the second half of 2025, while demand will improve with economic recovery, providing support for coal prices. In the medium to long term, thermal power generation will maintain its dominant position in the future power generation sector, offering stable development prospects for high-quality coal enterprises.

Looking forward, the Group will adapt to market conditions, strengthen its advantages in terms of high standards and premium products, and actively identify and explore quality projects by fully leveraging on strong profitability and capital strength. Moreover, the Group will seek breakthroughs while maintaining stability, striving for outstanding returns for the society and our shareholders.

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

**Ju Wenzhong**

*Chairman and Executive Director*

20 August 2025







# Management Discussion and Analysis

## MARKET REVIEW

In the first half of 2025, intensified international geopolitical tensions and the resurgence of global trade protectionism led to a weakening of global economic growth momentum. Facing a complex situation of contracting external demand and rising uncertainties, the Chinese government coordinated domestic economic management with international trade struggles, effectively implementing more proactive and effective macroeconomic policies. As such, the national economy withstood the pressure and overcame challenges, maintaining overall stability in economic operations. According to the data from the National Bureau of Statistics of China, China's GDP for the first half of 2025 reached approximately RMB66.1 trillion, representing a year-on-year increase of 5.3% at constant prices; the industrial enterprises above the designated size across the country achieved a revenue of approximately RMB66.8 trillion, representing a year-on-year increase of 2.5%; and the industrial enterprises above the designated size across the country achieved a total profit of approximately RMB3,436.5 billion, representing a year-on-year decrease of 1.8%.

In the first half of 2025, the domestic coal market continued to exhibit a pattern of “high supply, weak demand and ample inventory”. On the supply side, domestic coal production capacity continued to be unleashed, and the price advantage of imported coal has weakened since the second quarter, leading to a decline in import volume. According to the data from the National Bureau of Statistics of China, China's raw coal output of China's industrial enterprises above the designated size amounted to approximately 2.4 billion tonnes for the first half of 2025, representing a year-on-year increase of 5.4%; and according to data from the General Administration of Customs of China, China imported approximately 220 million tonnes of coal during the same period, representing a year-on-year decrease of 11.1%. On the demand side, downstream ports and power plants maintained high inventory levels for an extended period, with weak consumption growth and subdued demand for thermal power generation. Affected by the sluggish real estate market, demand for building materials was also weak. According to the data from the National Bureau of Statistics of China, China's thermal power generation of enterprises above the designated size in the first half of 2025 amounted to approximately 2.9 trillion kWh, representing a year-on-year decrease of 2.4%; China's pig iron production of enterprises above designated size was 430 million tonnes, representing a year-on-year decrease of 0.8%; and China's crude steel production of enterprises above designated size was 510 million tonnes, representing a year-on-year decrease of 3.0%.

During the first half of 2025, domestic coal prices showed a one-way downward slide with expanding declines, with the average coal price experiencing an overall decline to a new five-year low. Due to the decline in coal prices, the coal industry witnessed a decline in both revenue and profit, with losses significantly expanding. According to the data from the National Bureau of Statistics of China, in the first half of 2025, the principal business income of enterprises above the designated size from the coal mining and coal washing industries across the country amounted to approximately RMB1,242.47 billion, representing a year-on-year decrease of 21.0%, while the total profit amounted to approximately RMB149.16 billion, representing a year-on-year decrease of 53.0% on a comparable basis.

In conclusion, in the first half of 2025, as the domestic coal market continued to face an ample supply, with coal prices continuing to decline, posing increased operational pressure on the coal industry.

## BUSINESS REVIEW

### Principal Coal Business

As a leading integrated coal enterprise in China, the Group primarily owns, develops and operates the Dafanpu Coal Mine in Inner Mongolia, the Yong'an Coal Mine, and the Weiye Coal Mine in Ningxia, with its operations spanning the entire coal industry chain, covering coal production, washing, loading, transportation and trading. Concurrently, the Group is expanding its overseas business through subscribing in aggregate 51% new shares (on an enlarged basis) of MC Mining to focus on developing, among others, the Makhado coal mine project in South Africa.

## Management Discussion and Analysis

In the first half of 2025, the Group continued to leverage the low-sulfur, high-ash-fusion-temperature and high-quality thermal coal product “Kinetic 2” from the Dafanpu Coal Mine, while flexibly utilising diverse purchase and sale models such as Free on Board, Delivered Ex Quay and Ex-Mine Sales. This further enhanced the market coverage of the Group’s coal products among downstream customer groups, continuously consolidating and expanding its market share. In the first half of 2025, sales volume of the Group’s 5,000 kcal low-sulfur environmentally friendly thermal coal product increased by 14.16% as compared to the same period last year, with brand influence continuing to expand. Meanwhile, the initial coking coal product “Kinetic Fat Coal” from Yong’an Coal Mine in Ningxia was launched, which features low ash content, strong caking properties and excellent coking performance and has received positive feedback from downstream customers.

In the first half of 2025, the average coal market price experienced a downward pressure. As the Group employed a bidding-based sales model to secure higher prices in a downturn market environment, its average selling price for the first half of the year remained above the market level. In the first half of 2025, the average selling price per tonne of the Group’s 5,000 kcal low-sulfur environmentally friendly thermal coal amounted to approximately RMB604.6, representing a year-on-year decrease of approximately 21.5%; and the average selling price per tonne of coking coal in Ningxia was approximately RMB850.5. Affected by the decline in coal prices, revenue from the Group’s principal coal business decreased by 7.1% year-on-year to approximately RMB2,330.3 million, accounting for 92.9% of the Group’s total revenue.

In the first half of 2025, the Group continued to advance its refined management strategy across all operational segments, striving to control various management expenses and costs, which effectively mitigated the impact of declining sales prices on profitability. In the first half of 2025, the Group recorded a gross profit of approximately RMB1,176.2 million, with a gross profit margin of approximately 46.9%; and a net profit of approximately RMB558.1 million, with a net profit margin of approximately 22.2%. The Group’s various profitability indicators were at the leading level in the industry, maintaining the resilience of high-quality development.

The Group has always put safe production as top priority. The Group has established and continuously updated relevant safety production management systems, regularly convened meetings for its coal mine safety committee, conducted safety production education and training, and regularly identified and rectified safety hazards, thus effectively controlling coal mine safety risks.

The Group firmly upholds the principles of green and sustainable development. In 2019, the Dafanpu Coal Mine was included in the national-level Green Mine directory and has maintained this honour ever since. Inner Mongolia Zhunge’er Kinetic Coal Limited (“**Kinetic Coal**”) received recognition as the “Advanced Enterprise in the Construction of Green Mines in Zhunge’er Banner for the Year 2023” and the “Advanced Enterprise in the Construction of Green Mines in Ordos City”, fully demonstrating the Group’s comprehensive strength in sustainable mining development.

In terms of coal mining business in Ningxia, Yong’an Coal Mine entered the joint trial operation phase on 8 November 2024, which is planned to reach full production capacity in 2026, with a designed annual production capacity of 1.2 million tonnes. The Weiyei Coal Mine, also located in Ningxia, is still under construction and is scheduled to commence the joint trial operation in the first half of 2026 and reach full production capacity in 2027, with a designed annual production capacity of 0.9 million tonnes. The Yong’an Coal Mine is equipped with a large coking coal processing plant with an annual processing capacity of 2.4 million tonnes to support the production and operations of the Yong’an Coal Mine and the Weiyei Coal Mine in Ningxia. The clean coal produced through the washing process is high-quality coking coal, suitable for use for coking, blending for coking, power generation and liquefaction coal processes, providing quality products for clients in the coking, steel and other industries. This breakthrough from a single thermal coal to comprehensive coal variety production not only broadens the Group’s product line but also strengthens the Group’s comprehensive competitiveness in the coal market, laying a solid foundation for the Company’s future sustainable growth.

## Management Discussion and Analysis

In terms of coal mining business in South Africa, in August 2024, the Group announced its subscription of 51% new shares in MC Mining. The subscription is being conducted in phases, and up to present, the Group holds a cumulative 35.7% shares in MC Mining. As a result, the Group will be able to take part in the development and operation of four coal mine projects in South Africa, which boast a superior resource endowment. Notably, the Makhado open-pit coal mine project has coal resources of approximately 758 million tonnes, with mineable reserves of approximately 296 million tonnes, consisting of hard coking coal and thermal coal. Under the Group's participation, the mining construction works and coal preparation plant construction for the Makhado project were fully launched in November 2024, with production and operations expected to commence by the end of 2025. This project marks a significant milestone in the Group's overseas expansion strategy and is positioned to become a key driver of the Group's future performance growth.

### Ancillary Businesses

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

In terms of agriculture and animal husbandry, the Group has integrated green mining, land reclamation and modern agriculture to successfully establish an ecological industry chain integrating agricultural product planting and livestock breeding in its mine reclamation area. The Group has constructed a 1,500-mu orchard and a winery with an annual production capacity of 200 tonnes in the land reclamation area of the Dafanpu Coal Mine in Inner Mongolia. Additionally, the Group completed the construction of Guangtaichang Original Breeding Pig Farm (廣太昌原種豬場) in 2022, and introduced 650 French original breeding pigs from France. In the first phase, a breeding area is planned to be built, including a breeding farm and two fattening farms. Lijiata Fattening Farm (李家塔育肥場) was put into production in August 2023. Huajian Village Qianhao Breeding Farm (鉞尖村前壕擴繁場) was completed and put into operation in May 2024. Wulan Bulang Fattening Farm (烏蘭不浪育肥場) is expected to be completed and put into operation by the end of 2026. The first breeding area is expected to produce 200,000 pigs of various types by 2027.

In terms of real estate business, the Group has been acquiring high-quality real estate projects in Wuhai, Taiyuan, Guangzhou, Qinhuangdao and Maoming in recent years, comprising residential properties, villas, office buildings, apartments and commercial spaces. While vigorously driving sales efforts, the Group also closely monitored the construction progress of projects under construction to ensure that all these projects will proceed in an orderly manner and will be delivered according to schedule. Specifically, the Taiyuan Kinetic Yingtong Plaza was fully completed by the first half of 2025, with sales exceeding expectations.

Additionally, the Group completed the acquisition of 100% equity interests in Seedlife Holding Limited ("Seedlife") in January 2025, and has begun operating property management services through its wholly-owned subsidiaries in China. The service network spans 31 cities nationwide with a GFA under management of nearly 10 million square meters, enabling effective collaboration with the Group's real estate projects to enhance overall operational efficiency. In addition, the property management services have opened up a new profit growth engine for the Group.

In terms of cigar and tobacco business, the Group conducts cigar and tobacco production, operations and sales in Cambodia.

### FUTURE OUTLOOK

Looking ahead to the second half of 2025, economic downturn risks stemming from international trade disputes and geopolitical tensions persist. In the World Economic Outlook issued by the International Monetary Fund in July 2025, global economic growth in 2025 is projected to be 3.0%, indicating a slow recovery process for the global economy. In the second half of 2025, the PRC government will adhere to its overarching approach of making progress while maintaining stability, further strengthen the domestic economic cycle, and pursue high-quality development to navigate global uncertainties, thereby sustaining the steady and healthy development of the domestic economy.



## Management Discussion and Analysis

With regard to the coal market, it is anticipated that the domestic coal supply-demand relationship will improve in the second half of 2025, with coal prices to fluctuate upward. In July, the National Energy Administration issued policies regarding coal overproduction inspections. It is anticipated that supply-side production will be constrained and gradually tightened as these policies are gradually implemented and coal mine safety supervision is strengthened. On the demand side, as the effects of national policies to stabilise economic growth take hold, the consumer market is expected to maintain a solid recovery momentum. Combined with the dual drivers of peak summer cooling and winter heating demands, this will drive improvements in coal demand and further support the recovery of coal price.

Looking ahead to the second half of 2025, the Group will continue to implement the mine development concept that stresses safety, efficiency and environmental protection. Drawing upon the high-quality resources of the Dafanpu Coal Mine in Inner Mongolia, Yong'an Coal Mine in Ningxia and Weiyi Coal Mine, the Group will fully utilise its product advantages and transportation capacity, employ flexible procurement and sales models, and continue to deepen its operations across the entire coal industry chain.

The Group will continue to uphold the principle of high-quality development. On the basis of the steady development of the principal coal business, it will further diversify its ancillary businesses, improve its overall operation efficiency, and reward its shareholders with outstanding results.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group slightly decreased from approximately RMB2,532.4 million for the six months ended 30 June 2024 to approximately RMB2,509.5 million for the six months ended 30 June 2025, representing a decrease of 0.9%.

Revenue from the coal mining segment decreased from approximately RMB2,508.1 million for the six months ended 30 June 2024 to approximately RMB2,330.3 million for the six months ended 30 June 2025, representing a decline of 7.1%. This was primarily due to the decline in the sales price of the Group's coal products resulting from the downturn in the coal market.

Revenue from the other segments increased significantly from approximately RMB24.2 million for the six months ended 30 June 2024 to approximately RMB179.2 million for the six months ended 30 June 2025, representing a growth of 639.2%. This increase was primarily driven by the delivery of completed properties in the real estate development business, as well as revenue generated from property management services business, which were not under the Group's operation during the corresponding period last year.

The decrease in the Group's revenue was mainly due to a decline in coal prices amid continued market volatility partially offset by an increase in revenue from the other segments.

### Cost of sales

For the six months ended 30 June 2025, the Group incurred cost of sales of approximately RMB1,333.4 million as compared to the Group's cost of sales of approximately RMB977.7 million for the six months ended 30 June 2024, representing an increase of 36.4%. The increase in the Group's cost of sales was mainly attributable to higher operating costs at the Yong'an coal mine in Ningxia Hui Autonomous Region arising from joint trial operations. The cost of sales of the Group mainly comprised transportation costs, salaries of coal mine workers, costs of supplementary materials, fuel and electricity, depreciation, amortisation and surcharges of mining operations.

## Management Discussion and Analysis

### Gross profit and gross profit margin

For the six months ended 30 June 2025, the Group recorded a gross profit of approximately RMB1,176.2 million and a gross profit margin of 46.9% as compared to the gross profit of approximately RMB1,554.7 million and the gross profit margin of 61.4% for the six months ended 30 June 2024.

The decline in Group's gross profit margin for the six months ended 30 June 2025 was mainly attributable to the combined impact of falling coal prices and increased operating costs at the Yong'an coal mine in the Ningxia Hui Autonomous Region.

### Other incomes and losses, net

The net amount of other incomes and losses of the Group changed from net incomes of approximately RMB58.8 million for the six months ended 30 June 2024 to net losses of approximately RMB32.7 million for the six months ended 30 June 2025. This was mainly attributable to the decrease in government grants, the decrease in interest income for the six months ended 30 June 2025.

For the six months ended 30 June 2025 and 2024, the Group's net amount of other incomes and losses mainly comprised government grants, net gains or losses on disposal of non-current assets, interest income, donation and realised loss from the disposal of financial assets.

### Selling expenses

The Group's selling expenses decreased from approximately RMB20.7 million for the six months ended 30 June 2024 to approximately RMB16.3 million for the six months ended 30 June 2025, representing a decrease of 21.2%.

The decrease in the Group's selling expenses was mainly attributable to the decrease in marketing related expenses. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses.

### Administrative expenses

The Group's administrative expenses increased from approximately RMB174.4 million for the six months ended 30 June 2024 to approximately RMB281.5 million for the six months ended 30 June 2025, representing an increase of 61.4%.

The increase in the Group's administrative expenses was mainly attributable to higher staff costs arising from the newly developed segments, namely real estate development, property management services during the reporting period. The Group's administrative expenses mainly comprised salaries and related personnel expenses of the administrative, finance and human resources departments, consultancy fees and other incidental administrative expenses.

### Finance costs

The Group's finance costs decreased from approximately RMB43.9 million for the six months ended 30 June 2024 to approximately RMB37.3 million for the six months ended 30 June 2025, representing a decrease of 14.9%.

The decrease in the Group's finance costs was mainly attributable to the decrease in the average balance of interest-bearing liabilities and the decrease in the unwinding of discount expenses during the period.

## Management Discussion and Analysis

### Income tax expense

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax – Mainland China	206,369	318,132
Deferred income tax		
Reversal and origination of temporary differences	(14,558)	(1,223)
Total tax expense for the period	191,811	316,909

- (a) **Cayman Islands & BVI:** The Company and its subsidiaries incorporated in the Cayman Islands and British Virgin Islands are exempt from income tax under local regulations.
- (b) **Cambodia:** Power Cigar Tobacco Co., Ltd. is subject to a corporate income tax rate of 20% on taxable profits.
- (c) **Mainland China:** Most subsidiaries are taxed at the standard corporate income tax rate of 25%, with adjustments for non-deductible or non-assessable items. However, Kinetic Coal qualifies for the “Western Development Strategy” and benefits from a reduced tax rate of 15% from 2023 to 2030.
- (d) **Withholding Tax on Dividends:** Under PRC tax law, a 10% withholding tax applies to dividends paid to foreign investors from earnings generated after 31 December 2007. A reduced rate may apply if certain conditions are met. In February 2025, the Company and relevant subsidiaries obtained Hong Kong SAR resident status, allowing for a reduced withholding tax rate of 5% under the Mainland-Hong Kong tax treaty. The Group applied and paid this reduced rate for the six months ended 30 June 2025.

### Profit for the period

As a result of the foregoing, the Group recorded a consolidated profit after tax of approximately RMB558.1 million for the six months ended 30 June 2025, which decreased from approximately RMB1,085.2 million for the six months ended 30 June 2024, representing a drop of 48.6%. Net profit margin decreased from 42.9% for the six months ended 30 June 2024 to 22.2% for the six months ended 30 June 2025.

### Interim Dividends

The Board resolved to declare an interim dividend for the six months ended 30 June 2025 of HKD5.0 cents per share (six months ended 30 June 2024: HKD4.0 cents per share), payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 8 September 2025. The interim dividend will be paid in cash in four phases according to the following schedule:

Date	Amount
On or before 10 November 2025	HKD1.5 cents per share
On or before 19 December 2025	HKD1.5 cents per share
On or before 30 January 2026	HKD1.0 cents per share
On or before 27 February 2026	HKD1.0 cents per share

The total amount of the interim dividends will be HKD421,500,000 (six months ended 30 June 2024: HKD337,200,000).



## Management Discussion and Analysis

### Closure of Register of Members for Interim Dividends

The register of members of the Company will be closed from Thursday, 4 September 2025 to Monday, 8 September 2025 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the interim dividend. To qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 3 September 2025.

### Liquidity and Financial Resources

For the six months ended 30 June 2025, the Group's cash at bank and on hand was mainly used for the development of the Group's Dafanpu Coal Mine and other business projects and for the proposed acquisitions, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and other borrowings and cash generated from operating activities. The Group's gearing ratio was 5.1% as at 30 June 2025 as compared to the Group's gearing ratio of 2.9% as at 31 December 2024. This ratio is calculated as net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is equivalent to the total equity.

As at 30 June 2025, the Group's cash at bank and on hand, amounting to approximately RMB394.5 million, were denominated in Renminbi, Hong Kong dollars, and other currencies utilized in its operation.

As at 30 June 2025, the Group had net current liabilities of approximately RMB187.4 million and has undertaken several acquisitions with prepayments made amounting to approximately RMB1,336.0 million as disclosed in Note 14 to the unaudited interim financial report. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be approximately RMB779.5 million. The Group needs to seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure. In light of our current liquidity position and our projected cash inflows generated from operations, the Directors are of the opinion that the Group will carefully monitor its liquidity position and assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from bank or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months.

As at 30 June 2025 and 31 December 2024, the Group's secured bank loans and other borrowing were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Current	443,790	535,720
Non-current	390,000	342,600
	<b>833,790</b>	878,320

As at 30 June 2025, the Group had several bank loans secured by mining rights, land use rights or guaranteed by Kinetic Coal, with maturities ranging from July 2025 to June 2027. The Group continues to manage its financing arrangements prudently and monitors its obligations to ensure ongoing compliance with loan terms.

## Management Discussion and Analysis

### Significant Acquisitions

#### **Subscription of Shares in MC Mining**

On 26 August 2024, the Group and MC Mining entered into a share subscription agreement, pursuant to which the Group has conditionally agreed to subscribe for in aggregate 51% new shares (on an enlarged basis) in MC Mining in phases for a total consideration of US\$90,000,000. As at the date of this interim report, the Group holds a total of 35.7% shares of MC Mining.

MC Mining primarily engages in steel-making coal and thermal coal exploration, development and mining in South Africa through its subsidiaries. Upon the completion of share subscription, MC Mining will become an indirectly non-wholly owned subsidiary of the Group and its financial results will be consolidated into the Group. Integrating the management expertise and assets of both the Group and MC Mining will mark a significant milestone in the Company's strategy to expand its global footprint.

#### **Acquisition of Qinhuangdao Jifu**

On 6 December 2024, the Group entered into an acquisition framework agreement with Hainan Hangxiao Real Estate Development Co., Ltd. ("**Hainan Hangxiao**") and other vendors. Pursuant to the acquisition framework agreement, the Group shall have conditionally agreed to 100% equity interests in Qinhuangdao Jifu Real Estate Development Co., Ltd. ("**Qinhuangdao Jifu**") at nil consideration. The amount of RMB564,625,000 payable by the Group for the creditor's rights of RMB617,394,475 held by Guangzhou R&F Properties Co., Ltd. ("**R&F Properties**") against Qinhuangdao Jifu has been fully set off by the consideration of RMB564,625,000 prepaid by the Group to Hainan Hangxiao under the property purchase framework agreement signed on 30 May 2022.

As at the date of this interim report, the acquisition of Qinhuangdao Jifu has been completed. Qinhuangdao Jifu is currently developing and constructing Mental Harbour (力量灣), a villa project located in Qinhuangdao, Hebei Province.

#### **Acquisition of Seedlife**

On 6 September 2024, the Group entered into a share purchase agreement ("**Seedlife Share Purchase Agreement**") with Seedland Smart Service Group Limited and Seedlife Holding Limited ("**Seedlife**") to acquire 100% equity interests of Seedlife for a total consideration of RMB423,000,000. After deducting the aggregate of cash payments of RMB100,000,000, a tax paid on behalf of the seller of RMB42,300,000 and an account receivable due from the seller and its subsidiaries to Seedlife of RMB50,000,000 from the total consideration, the remaining amount of RMB230,700,000 ("**Set-off Amount**") has been set off against the equivalent amount in the prepaid amount by the Group under the agreements on sale and purchase of properties entered into between subsidiaries of Guangzhou Seedland Real Estate Development Co., Ltd. ("**Seedland**") and Kinetic (Qinhuangdao) Energy Group Ltd. (力量(秦皇島)能源集團有限公司) in 2022 (the "**Seedland Prepayment**").

The Seedlife Share Purchase Agreement stipulated that the after-tax net profit of Seedlife for the year ended 31 December 2024 shall not be less than RMB52,000,000 (the "**Guaranteed Profit**"), failing which the Set-off Amount will be downward adjusted pursuant to a formula set out in the Seedlife Share Purchase Agreement.

Based on the audited financial statements of Seedlife for the year ended 31 December 2024, its after-tax net profit was approximately RMB52,800,000. As the Guaranteed Profit was met, no adjustment to the Set-off Amount was required under the terms of the Seedlife Share Purchase Agreement.

Seedlife principally engages in property management services through its subsidiaries in the PRC. The acquisition of Seedlife has been successfully completed on 13 January 2025, providing the Group with an additional revenue stream, further enhancing the financial performance of the Group.

## Management Discussion and Analysis

### **Acquisition of Maoming Shengda and Maoming Shengcheng**

On 1 November 2024, the Group entered into the fifth supplemental agreement with subsidiaries of Seedland, Maoming Shengda Real Estate Development Co., Ltd. ("**Maoming Shengda**") and Maoming Shengcheng Real Estate Development Co., Ltd. ("**Maoming Shengcheng**") to acquire 100% equity interests of each of Maoming Shengda and Maoming Shengcheng for a total consideration of RMB70,000,000. After deducting the income tax payable by the seller from the total consideration, the remaining amount of RMB57,750,000 has been fully set off against the equivalent amount in Seedland Prepayment.

The acquisition was completed on 13 June 2025. Maoming Shengda and Maoming Shengcheng are currently developing and constructing Taoyuan Grandeur (力量桃園, formerly known as Royal Ivy (常春藤)), a residential project located in Maoming, Guangdong.

Save for those disclosed above, during the six months ended 30 June 2025, the Group had no other significant investments in associates or joint ventures, and no other material acquisitions or disposals of subsidiaries. The Group's ability to fund the above-mentioned acquisitions and capital expenditures heavily relies on its future operating cash inflows and its ability to finance through bank loans, which may be affected by the government macro-control policy and volatility in coal market price. The Group will carefully monitor its liquidity position.

### **Events After the Reporting Period**

The Board is not aware of any significant events requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this interim report.

### **Financial Risk Management**

#### **(a) Interest Rate Risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and short-term debt obligations with a floating interest rate. As at 30 June 2025, the Group did not hold short-term debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

#### **(b) Foreign Currency Risk**

The Company and its subsidiaries are not exposed to significant foreign currency risk since their transactions and balances are principally denominated in their respective functional currencies.

#### **(c) Liquidity risk**

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

### **HUMAN RESOURCES AND EMOLUMENT POLICY**

As at 30 June 2025, the Group had a total of 3,422 full-time employees in the Mainland China, Hong Kong, South Africa and Cambodia. For the six months ended 30 June 2025, the total staff costs, including the directors' emoluments, amounted to approximately RMB363.4 million.

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



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>2,509,517</b>	2,532,355
Cost of sales		<b>(1,333,359)</b>	(977,668)
<b>Gross profit</b>		<b>1,176,158</b>	1,554,687
Other incomes and losses, net	5	<b>(32,721)</b>	58,762
(Losses)/gains on fair value changes of financial assets	16	<b>(64,888)</b>	15,597
Selling expenses		<b>(16,298)</b>	(20,677)
Administrative expenses		<b>(281,483)</b>	(174,431)
<b>Profit from operations</b>		<b>780,768</b>	1,433,938
Share of profits less losses of associates		<b>6,498</b>	12,015
Finance costs	7	<b>(37,329)</b>	(43,877)
<b>Profit before taxation</b>	6	<b>749,937</b>	1,402,076
Income tax expense	8	<b>(191,811)</b>	(316,909)
<b>Profit for the period</b>		<b>558,126</b>	1,085,167
<b>Other comprehensive income for the period that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of operations outside the PRC		<b>(13,657)</b>	(20,312)
<b>Total comprehensive income for the period</b>		<b>544,469</b>	1,064,855

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
<b>Profit for the period attributable to:</b>			
Equity shareholders of the Company		<b>561,586</b>	1,095,281
Non-controlling interests		<b>(3,460)</b>	(10,114)
		<b>558,126</b>	1,085,167
<b>Total comprehensive income for the period attributable to:</b>			
Equity shareholders of the Company		<b>548,173</b>	1,074,656
Non-controlling interests		<b>(3,704)</b>	(9,801)
		<b>544,469</b>	1,064,855
Earnings per share attributable to equity shareholders of the Company	9		
– Basic		<b>RMB 6.68 cents</b>	RMB 13.00 cents
– Diluted		<b>RMB 6.66 cents</b>	RMB 13.00 cents

# Consolidated Statement of Financial Position

At 30 June 2025 – unaudited

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	3,541,772	3,431,271
Right-of-use assets	11	183,987	186,832
Intangible assets	12	3,442,544	3,200,749
Goodwill	13	344,556	156,181
Interests in associates		338,470	174,032
Deferred tax assets		86,708	75,142
Prepayments for proposed acquisitions	14	1,335,990	2,236,770
Other non-current assets	15	532,750	261,055
<b>Total non-current assets</b>		<b>9,806,777</b>	<b>9,722,032</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	16	207,404	334,409
Inventories	17	3,223,357	1,716,335
Trade and other receivables	18	555,803	200,439
Pledged and restricted deposits	19	132,299	127,584
Cash at bank and on hand	19	394,507	629,937
Current portion of other non-current assets	15	68,818	259,990
<b>Total current assets</b>		<b>4,582,188</b>	<b>3,268,694</b>
<b>Current liabilities</b>			
Trade and other payables	20	2,474,638	1,522,347
Contract liabilities		1,362,990	891,021
Bank loans and other borrowings	21	443,790	535,720
Lease liabilities	22	27,170	20,363
Income tax payable		461,035	456,410
<b>Total current liabilities</b>		<b>4,769,623</b>	<b>3,425,861</b>
<b>Net current liabilities</b>		<b>(187,435)</b>	<b>(157,167)</b>
<b>Total assets less total current liabilities</b>		<b>9,619,342</b>	<b>9,564,865</b>



## Consolidated Statement of Financial Position

At 30 June 2025 – unaudited

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current liabilities</b>			
Bank loans and other borrowings	21	390,000	342,600
Lease liabilities	22	41,669	57,193
Long-term payables	23	793,006	779,414
Deferred tax liabilities		98,719	53,362
Accrual for reclamation costs		59,608	57,549
<b>Total non-current liabilities</b>		<b>1,383,002</b>	<b>1,290,118</b>
<b>NET ASSETS</b>		<b>8,236,340</b>	<b>8,274,747</b>
<b>EQUITY</b>			
Share capital	25	54,293	54,293
Reserves		8,124,396	8,173,983
<b>Total equity attributable to equity shareholders of the Company</b>		<b>8,178,689</b>	<b>8,228,276</b>
<b>Non-controlling interests</b>		<b>57,651</b>	<b>46,471</b>
<b>TOTAL EQUITY</b>		<b>8,236,340</b>	<b>8,274,747</b>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Share award scheme reserves	Share-based payment reserves	Other reserves	Statutory reserves	Exchange reserves	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2025</b>	<b>54,293</b>	<b>483,907</b>	<b>(23,511)</b>	<b>-</b>	<b>119,307</b>	<b>2,596,181</b>	<b>67,490</b>	<b>4,930,609</b>	<b>8,228,276</b>	<b>46,471</b>	<b>8,274,747</b>
Profit for the period	-	-	-	-	-	-	-	561,586	561,586	(3,460)	558,126
Other comprehensive income	-	-	-	-	-	-	(13,413)	-	(13,413)	(244)	(13,657)
Total comprehensive income for the period	-	-	-	-	-	-	(13,413)	561,586	548,173	(3,704)	544,469
Dividends paid	-	-	-	-	-	-	-	(386,575)	(386,575)	-	(386,575)
Dividends payable	-	-	-	-	-	-	-	(231,763)	(231,763)	-	(231,763)
Appropriation of maintenance and production funds	-	-	-	-	-	149,096	-	(149,096)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	(26,319)	-	26,319	-	-	-
Equity settled share-based payment expenses (Note 30)	-	-	-	12,297	-	-	-	-	12,297	-	12,297
Capital contribution from non-controlling interests	-	-	-	-	8,281	-	-	-	8,281	1,719	10,000
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	13,165	13,165
<b>At 30 June 2025</b>	<b>54,293</b>	<b>483,907</b>	<b>(23,511)</b>	<b>12,297</b>	<b>127,588</b>	<b>2,718,958</b>	<b>54,077</b>	<b>4,751,080</b>	<b>8,178,689</b>	<b>57,651</b>	<b>8,236,340</b>

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Share award scheme reserves	Other reserves	Statutory reserves	Exchange reserves	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024	54,293	483,907	–	141,831	2,348,715	42,400	4,296,704	7,367,850	52,349	7,420,199
Profit for the period	–	–	–	–	–	–	1,095,281	1,095,281	(10,114)	1,085,167
Other comprehensive income	–	–	–	–	–	(20,625)	–	(20,625)	313	(20,312)
Total comprehensive income for the period	–	–	–	–	–	(20,625)	1,095,281	1,074,656	(9,801)	1,064,855
Dividends declared	–	–	–	–	–	–	(611,572)	(611,572)	–	(611,572)
Appropriation of maintenance and production funds	–	–	–	–	139,664	–	(139,664)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(33,185)	–	33,185	–	–	–
Purchase of shares under 2022 Share Award Scheme	–	–	(13,145)	–	–	–	–	(13,145)	–	(13,145)
At 30 June 2024	54,293	483,907	(13,145)	141,831	2,455,194	21,775	4,673,934	7,817,789	42,548	7,860,337

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
<b>Net cash generated from operating activities</b>		<b>676,792</b>	<b>1,045,257</b>
<b>Investing activities</b>			
Interest received		1,783	22,072
Proceeds from disposal of property, plant and equipment		–	505
Redemption of financial assets at fair value through profit or loss		70,723	11,654
Payments for property, plant and equipment and other non-current assets		(205,192)	(285,820)
Investment in an associate		(210,022)	–
Loans to related parties		(17,923)	(2,624)
Refundable security deposits paid in relation to property projects		–	(22,817)
Acquisition of subsidiaries, net of cash acquired	29	(44,023)	(53,914)
Decrease/(increase) in pledged deposits		11,578	(13,866)
Purchase of financial assets at fair value through profit or loss	16(ii)	(2,007)	(50,004)
Others		16,252	918
<b>Net cash used in investing activities</b>		<b>(378,831)</b>	<b>(393,896)</b>
<b>Financing activities</b>			
New bank loans and other borrowings		190,000	200,070
Repayments of bank loans and other borrowings		(306,070)	(883,550)
Dividends paid		(386,575)	(918,575)
Interest paid		(23,789)	(24,728)
Purchase of shares for share award scheme		–	(13,145)
Lease payments		(8,770)	(416)
Decrease in pledged deposits		–	600,000
<b>Net cash used in financing activities</b>		<b>(535,204)</b>	<b>(1,040,344)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(237,243)</b>	<b>(388,983)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>629,937</b>	<b>734,143</b>
<b>Effect of foreign exchange rate changes</b>		<b>1,813</b>	<b>282</b>
<b>Cash and cash equivalents at 30 June</b>		<b>394,507</b>	<b>345,442</b>

# Notes to the Unaudited Interim Financial Report

## 1. CORPORATE AND GROUP INFORMATION

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

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

## 2.1 BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the applicable disclosure requirements set out in the Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), and in compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 20 August 2025.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.2.

The preparation of the unaudited interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in the unaudited interim financial report as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor has reported on those financial statements on 25 March 2025. The auditor’s opinion was not modified but included a reference to a matter to which the auditor drew attention for material uncertainty related to going concern.



## Notes to the Unaudited Interim Financial Report

### 2.1 BASIS OF PREPARATION (cont'd)

As at 30 June 2025, the Group had net current liabilities of RMB187,435,000 and has undertaken several acquisitions with prepayments made amounting to RMB1,335,990,000 as disclosed in Note 14. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be approximately RMB779,460,000; and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group may seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure.

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

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

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

## Notes to the Unaudited Interim Financial Report

### 2.2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on the unaudited interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. OPERATING SEGMENT INFORMATION

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker (“**CODM**”) of the Group that are used to assess the performance and allocate resources. The Group manages its businesses by business lines, in a manner consistent with the way in which the information is reported internally to the Group’s CODM. During the six months ended 30 June 2025, the Group entered into agreements with counterparties to acquire certain properties and expanded its business into additional lines beyond than coal mining. The reportable segments of the Group are coal mining segment and other segments which mainly include real estate development, property management services, agriculture and animal husbandry and cigar and tobacco, all of which align with the business plans and information provided to the CODM of the Group.

#### (i) Segment results, assets and liabilities

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

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

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

Profit before taxation is utilized to assess the performance of the reporting segment.

## Notes to the Unaudited Interim Financial Report

### 3. OPERATING SEGMENT INFORMATION (cont'd)

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

The information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

	Coal mining segment		Other segments		Total	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Reportable segment revenue</b>	<b>2,330,318</b>	2,508,114	<b>187,921</b>	42,958	<b>2,518,239</b>	2,551,072
Inter-segment revenue	–	–	<b>(8,722)</b>	(18,717)	<b>(8,722)</b>	(18,717)
<b>Revenue from external customers</b>	<b>2,330,318</b>	2,508,114	<b>179,199</b>	24,241	<b>2,509,517</b>	2,532,355
<b>Reportable segment profit/(loss) before taxation</b>	<b>863,991</b>	1,476,534	<b>(76,523)</b>	(61,475)	<b>787,468</b>	1,415,059
Interest income	<b>7,054</b>	27,420	<b>11</b>	43	<b>7,065</b>	27,463
Finance costs	<b>(34,024)</b>	(41,550)	<b>(3,099)</b>	(2,259)	<b>(37,123)</b>	(43,809)
Depreciation and amortisation	<b>(75,339)</b>	(67,439)	<b>(33,768)</b>	(19,882)	<b>(109,107)</b>	(87,321)
	<b>At</b>	<b>At</b>	<b>At</b>	<b>At</b>	<b>At</b>	<b>At</b>
	<b>30 June 2025</b>	<b>31 December 2024</b>	<b>30 June 2025</b>	<b>31 December 2024</b>	<b>30 June 2025</b>	<b>31 December 2024</b>
<b>Reportable segment assets</b>	<b>9,280,278</b>	9,105,228	<b>4,814,575</b>	3,475,947	<b>14,094,853</b>	12,581,175
Additions to non-current segment assets during the period/year	<b>409,425</b>	1,466,147	<b>300,524</b>	182,945	<b>709,949</b>	1,649,092
<b>Reportable segment liabilities</b>	<b>3,547,229</b>	3,067,974	<b>1,867,371</b>	953,006	<b>5,414,600</b>	4,020,980

## Notes to the Unaudited Interim Financial Report

### 3. OPERATING SEGMENT INFORMATION (cont'd)

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

	Note	Six months ended 30 June 2025 RMB'000	Six months ended 30 June 2024 RMB'000
<b>Revenue</b>			
Reportable segment revenue		2,518,239	2,551,072
Elimination of inter-segment revenue		(8,722)	(18,717)
Consolidated revenue	4	2,509,517	2,532,355
<b>Profit</b>			
Reportable segment profit before taxation		787,468	1,415,059
Elimination of inter-segment profit		–	–
Reportable segment profit before taxation derived from external customers		787,468	1,415,059
Other incomes and losses, net		462	643
Depreciation and amortisation		(601)	(618)
Finance costs		(206)	(68)
Unallocated head office and corporate expenses		(37,186)	(12,940)
Consolidated profit before taxation		749,937	1,402,076
<b>Assets</b>			
Reportable segment assets		14,094,853	12,581,175
Financial assets at fair value through profit or loss	16	207,404	334,409
Deferred tax assets		86,708	75,142
Consolidated assets		14,388,965	12,990,726



Notes to the Unaudited  
Interim Financial Report

## 3. OPERATING SEGMENT INFORMATION (cont'd)

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

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Liabilities</b>			
Reportable segment liabilities		<b>5,414,600</b>	4,020,980
Income tax payable		<b>461,035</b>	456,410
Tax payable other than income tax	20	<b>178,271</b>	185,227
Deferred tax liabilities		<b>98,719</b>	53,362
Consolidated liabilities		<b>6,152,625</b>	4,715,979

## (iii) Geographic information

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2025 RMB'000	Six months ended 30 June 2024 RMB'000	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
The PRC	<b>2,506,310</b>	2,524,250	<b>8,883,249</b>	8,999,301
Other regions or countries	<b>3,207</b>	8,105	<b>836,820</b>	647,589
	<b>2,509,517</b>	2,532,355	<b>9,720,069</b>	9,646,890

## Notes to the Unaudited Interim Financial Report

### 4. REVENUE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Revenue from contracts with customers</b>		
Sale of coal products	2,330,318	2,508,114
Property management services	114,043	–
Sales of properties	27,257	–
Others	37,899	24,241
	<b>2,509,517</b>	<b>2,532,355</b>

### 5. OTHER INCOMES AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Government grants	11,146	48,008
Interest income	7,119	28,267
Net gains/(losses) on redemption of financial assets at fair value through profit or loss	6,095	(4,587)
Penalties	(34,744)	(5,599)
Loss on disposal of a subsidiary	(10,350)	–
Impairment losses on trade and other receivables	(6,963)	–
Donations	(4,082)	(6,790)
Others	(942)	(537)
	<b>(32,721)</b>	<b>58,762</b>

## Notes to the Unaudited Interim Financial Report

### 6. PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
Cost of sales:			
– Transportation and storage costs		624,883	575,264
– Cost of inventories sold		624,523	402,404
– Cost of property management services		83,953	–
		1,333,359	977,668
Staff costs:			
– Salaries, wages, bonuses and benefits		335,120	233,049
– Contributions to defined contribution plans		15,949	11,162
– Equity settled share-based payment expenses		12,297	–
		363,366	244,211
Depreciation of property, plant and equipment	10	79,603	67,161
Depreciation of right-of-use assets	11	3,819	3,218
Amortisation of intangible assets	12	26,286	17,560

Cost of inventories sold and cost of property management services for the six months ended 30 June 2025 included RMB289,838,000 (six months ended 30 June 2024: RMB186,875,000) relating to staff costs, depreciation and amortisation, which were included in the respective expenses disclosed above.

### 7. FINANCE COSTS

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
Interest expenses		21,354	26,468
Unwinding of discounts		15,975	17,409
		37,329	43,877

## Notes to the Unaudited Interim Financial Report

### 8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax – the PRC	206,369	318,132
Deferred income tax		
– Reversal and origination of temporary differences	(14,558)	(1,223)
	191,811	316,909

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiaries, namely Blue Gems Worldwide Limited, Power Wisdom Strategic Limited, Star Idea Enterprises Limited ("**Star Idea**"), Kinetic Crest Limited, Kinetic Vista Limited, Seedlife Holding Limited and Porus Power Limited were not subject to any income tax in the Cayman Islands and the BVI, respectively.
- (b) Pursuant to the rules and regulations of the Kingdom of Cambodia, Power Cigar Tobacco Co., Ltd. was subject to a rate of 20% on the taxable income.
- (c) Except for Inner Mongolia Zhunge'er Kinetic Coal Limited ("**Kinetic Coal**"), the corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in the Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as a qualified enterprise subject to the "Western Development Strategy" on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.
- (d) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore subject to withholding taxes on dividends distributed by those subsidiaries established in the Mainland China in respect of earnings generated from 1 January 2008. In February 2025, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR Certificate of Resident Status for the calendar year 2025 and the two succeeding calendar years, respectively. As a result, under the "Arrangement between the Mainland China and Hong Kong SAR for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income", the Group was subject to a withholding tax rate of 5% from 2025 to 2027. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the six months ended 30 June 2025.



## Notes to the Unaudited Interim Financial Report

### 9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2025 is based on the profit for the period attributable to equity shareholders of the Company of RMB561,586,000 and the weighted average number of 8,406,832,000 shares during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2025 is based on the profit for the period attributable to ordinary equity shareholders of the Company of RMB561,586,000, and the weighted average number of 8,437,146,000 shares (diluted) during the period.

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit for the period attributable to equity shareholders of the Company of RMB1,095,281,000 and the weighted average number of 8,425,887,000 shares during the period.

There were no dilutive potential ordinary shares during the six months ended 30 June 2024, and therefore, the the diluted earnings per share is the same as the basic earnings per share.

### 10. PROPERTY, PLANT AND EQUIPMENT

	Note	Carrying amount RMB'000
At 1 January 2025		<b>3,431,271</b>
Acquisition of subsidiaries	29	<b>2,739</b>
Additions		<b>189,205</b>
Depreciation		<b>(79,603)</b>
Exchange adjustments		<b>(1,840)</b>
At 30 June 2025		<b>3,541,772</b>

The Group is in the process of applying for the title of certificates of certain properties with a carrying value of RMB647,289,000 as at 30 June 2025 (31 December 2024: RMB672,885,000). The Directors are of the view that the Group's use of and operational activities at these properties remain unaffected despite the fact that the relevant property title certificates have not yet been obtained.

## Notes to the Unaudited Interim Financial Report

### 11. RIGHT-OF-USE ASSETS

	Carrying amount RMB'000
At 1 January 2025	186,832
Additions	1,180
Amortisation	(3,819)
Exchange adjustments	(206)
At 30 June 2025	183,987

### 12. INTANGIBLE ASSETS

	Note	Carrying amount RMB'000
At 1 January 2025		3,200,749
Acquisition of subsidiaries	29	268,296
Amortisation		(26,286)
Exchange adjustments		(215)
At 30 June 2025		3,442,544

### 13. GOODWILL

	Note	Carrying amount RMB'000
At 1 January 2025		156,181
Acquisition of subsidiaries	29	188,375
At 30 June 2025		344,556
Cost		439,048
Accumulated impairment		(94,492)
At 30 June 2025		344,556

Notes to the Unaudited  
Interim Financial Report

## 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS

	Notes	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<i>In progress:</i>			
– Acquisition of Guizhou Liliang Energy Co., Ltd. ( <b>“Guizhou Liliang”</b> )	(a)	<b>1,080,256</b>	1,080,256
– Acquisition of properties from Guangzhou Seedland Real Estate Development Co., Ltd. ( <b>“Seedland”</b> )	(b)	<b>253,734</b>	311,484
		<b>1,333,990</b>	1,391,740
<i>Completed during the reporting period:</i>			
– Acquisition of Seedlife Holding Limited ( <b>“Seedlife”</b> )		–	278,405
– Acquisition of Qinhuangdao Jifu Real Estate Development Co., Ltd. ( <b>“Qinhuangdao Jifu”</b> )		–	564,625
		–	843,030
Related parties		<b>1,333,990</b>	2,234,770
Third parties		<b>2,000</b>	2,000
		<b>1,335,990</b>	2,236,770

## Notes:

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

## Notes to the Unaudited Interim Financial Report

### 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd)

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

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

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

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



## Notes to the Unaudited Interim Financial Report

### 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd)

(b) (cont'd)

On 6 September 2024, the Group entered into the fourth supplemental agreement with Qingdao Shilu, Zunyi Field, Zhongshan Shidi (collectively, the **"2024 Adjusted Properties Sellers"**), Seedland Smart Service Group Limited (**"Seedland Smart Service"**) and Mr. Zhang Liang, Johnson (collectively, the **"Seedlife Sellers"**), pursuant to which, (i) the commercial properties which located in Zunyi City, Guizhou Province and Zhongshan City, Guangdong Province with an aggregate building area of approximately 22,109.87 square meters (**"2024 Further Terminated Properties"**), with an allocated consideration equal to RMB230,700,000, would no longer be sold to the Group; (ii) the rights and obligations between the 2024 Adjusted Properties Sellers and the Group in respect of the 2024 Further Terminated Properties are terminated with effect from the date of the fourth supplemental agreement.

On 6 September 2024, the Group entered into a share purchase agreement with Seedland Smart Service and Seedlife to acquire 100% equity interests of Seedlife. The total consideration of the acquisition was RMB423,000,000 (the **"Equity Consideration"**). The Equity Consideration was paid as follows: (i) a deposit of HKD25,000,000 has already been transferred to Mr. Zhang Liang, Johnson under the Letter of Intent (the **"LOI Deposit"**); (ii) an amount up to RMB25,000,000 was paid to Seedland Smart Service within 30 business days after the Share Purchase Agreement (**"Further Cash Payment"**); (iii) the difference between RMB77,230,000 and the Further Cash Payment was paid on the closing date (**"Closing Cash Payment"**); (iv) an amount of RMB42,300,000 for tax payable by Seedlife Sellers was deducted from the Equity Consideration; (v) an account receivable of RMB50,000,000 from Seedlife Sellers and their subsidiaries (excluding Seedlife) to Seedlife was deducted; and (vi) the remaining amount, RMB230,700,000 (subject to potential downward adjustments for profit shortfalls), was offset against existing outstanding payments. The transaction was a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 3 January 2025. The acquisition was completed on 13 January 2025, and Seedlife had become a wholly-owned subsidiary of the Group.

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

On 1 November 2024, the Group entered into a share transfer agreement with Zhuhai Seedland Real Estate Development Co., Ltd. (**"Zhuhai Seedland"**), to acquire the 100% equity interests of each of Maoming Shengda Real Estate Co. Ltd. (**"Maoming Shengda"**) and Maoming Shengcheng Real Estate Co., Ltd. (**"Maoming Shengcheng"**) for a total consideration amounting to RMB70,000,000. The income tax amounting to RMB12,250,000 payable by Zhuhai Seedland for this acquisition will be paid by the Group, and has been deducted from the total consideration, thus, the payable consideration for this acquisition becomes RMB57,750,000 (**"Payable Consideration"**). The Payable Consideration shall be fully set off by the 2024 Third Terminated Properties paid amount. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 3 January 2025. The acquisition was completed on 13 June 2025, and Maoming Shengda and Maoming Shengcheng had become wholly-owned subsidiaries of the Group.

## Notes to the Unaudited Interim Financial Report

### 14. PREPAYMENTS FOR PROPOSED ACQUISITIONS (cont'd)

Notes: (cont'd)

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

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

### 15. OTHER NON-CURRENT ASSETS

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
Loans to related parties	27(b)	283,783	259,990
Prepayment for application of license of enlarged coal production capacity		118,337	90,967
Performance compensation receivable (Note)		84,673	84,734
Prepayments of equipment		38,721	44,632
Long-term deferred expense		12,916	6,774
Others		63,138	51,161
		601,568	538,258
Impairment of other non-current assets		–	(17,213)
		601,568	521,045
Less: Current portion – Loans to a related party	27(b)	(68,818)	(259,990)
		532,750	261,055

Note: According to the performance undertaking clauses in the supplemental agreement of the Acquisition of Star Idea Enterprises Limited and its subsidiaries (collectively "Star Idea Group"), the seller should compensate the Company in cash based on the shortfall of aggregate actual earnings before interests, taxes, depreciation and amortisation ("EBITDA") compared with the aggregate estimated EBITDA of Star Idea Group during the period encompassing five financial years ending 31 December 2027. As at 30 June 2025, the fair value of aforementioned compensation, which was measured at fair value through profit or loss, amounting to RMB84,673,000 was recognised. The actual amount of compensation will be adjusted in line with the actual performance of Star Idea Group from 2025 to 2027.

## Notes to the Unaudited Interim Financial Report

### 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30 June 2025 RMB'000	31 December 2024 RMB'000
Trust wealth management investments	(a)	198,725	228,911
Trading securities	(b)	8,679	105,498
		<b>207,404</b>	334,409

#### Notes:

- (a) On 25 December 2020, the Group entered into a subscription agreement with Northern International Trust Co., Ltd. ("**Northern Trust**") to subscribe a trust wealth management investment amounting to RMB252,530,000 for a period of 1 year, which is redeemable on demand. As at 30 June 2025, the fair value of the investment was RMB164,564,000 (31 December 2024: RMB154,841,000), resulting in a gain of RMB9,723,000 on fair value changes, due to price movement in its investment in a corporate bond issued by Guangzhou R&F Properties Co., Ltd. ("**R&F Properties**") in 2018 with an annual interest rate of 6.58%. Subsequent to 30 June 2025, the fair value of the trust wealth management investment was in the range between RMB150,000,000 and RMB200,000,000.

On 28 December 2020, the Group entered into a subscription agreement with Beijing International Trust Co., Ltd. ("**Beijing Trust**") to subscribe a trust wealth management investment amounting to RMB151,500,000 for a period of 10 years, which is redeemable on demand. As at 30 June 2025, the fair value of the investment was RMB34,161,000 (31 December 2024: RMB74,070,000), resulting in a loss of RMB39,909,000 on fair value changes, due to price movement in its investment in a corporate bond issued by R&F Properties in 2020 with an annual interest rate of 6.30%. Subsequent to 30 June 2024, the fair value of the trust wealth management investment was in the range between RMB20,000,000 and RMB50,000,000.

- (b) The trading securities held by the Group were the equity securities listed on the Stock Exchange. As at 30 June 2025, the fair value of the Group's trading securities was RMB8,679,000 (31 December 2024: RMB105,498,000), reflecting an accumulated loss of RMB34,702,000 arising from fair value changes, primarily attributable to price fluctuations in equity securities. During the six months ended 30 June 2025, the Group acquired additional equity securities totaling RMB2,007,000. In the same period, the Group disposed of a portion of its equity securities, with a carrying amount of RMB64,633,000 based on investment cost, and recognised a disposal gain of RMB6,090,000.

## Notes to the Unaudited Interim Financial Report

### 17. INVENTORIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Properties under development	2,935,316	1,494,206
Coal products	140,634	126,486
Tobacco materials and products	108,242	98,168
Raw materials, accessories and chemicals	83,999	55,607
Others	36,563	28,490
	3,304,754	1,802,957
Less: Write-down of inventories	(81,397)	(86,622)
	3,223,357	1,716,335

### 18. TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade debtors	129,336	6,528
Other receivables		
– Prepayments and deposits	159,423	93,931
– Amount due from related parties	223,205	17,308
– Deductible input VAT	93,294	74,426
– Others	18,152	8,246
	623,410	200,439
Less: Provision for bad debts	(67,607)	–
	555,803	200,439



## Notes to the Unaudited Interim Financial Report

### 18. TRADE AND OTHER RECEIVABLES (cont'd)

As at the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of provision for bad debts was as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	78,176	6,528
1 to 2 years	26,987	—
2 to 3 years	14,832	—
Over 3 years	9,341	—
	<b>129,336</b>	6,528

Trade debtors are generally due within 30 to 90 days from the date of billing.

The provision for bad debts was estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

### 19. CASH AT BANK AND ON HAND AND PLEDGED AND RESTRICTED DEPOSITS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Cash at bank and on hand	394,507	629,937
Pledged deposits	81,777	93,355
Restricted deposits	50,522	34,229
	<b>526,806</b>	757,521
Less:		
– Pledged deposits for notes payable	(81,777)	(93,355)
– Restricted deposits	(50,522)	(34,229)
Cash and cash equivalents	<b>394,507</b>	629,937

As at 30 June 2025, the cash at bank and on hand balances of the Group denominated in Renminbi amounted to RMB329,621,000 (31 December 2024: RMB612,825,000).

As at 30 June 2025, the Group's bank balances of approximately RMB81,777,000 (31 December 2024: RMB93,355,000) were deposited as guarantee fund for notes payable and bank loans.

As at 30 June 2025, the Group's bank balances of approximately RMB43,258,000 (31 December 2024: RMB23,198,000) were deposited with banks as a mine environment restoration guarantee fund pursuant to the related government regulations.

## Notes to the Unaudited Interim Financial Report

### 20. TRADE AND OTHER PAYABLES

		<b>30 June 2025</b>	<b>31 December 2024</b>
	Notes	<b>RMB'000</b>	<b>RMB'000</b>
Payables for construction	(a)	<b>996,389</b>	812,692
Amounts due to related parties	27(c)	<b>293,683</b>	11,000
Dividends payable		<b>231,763</b>	–
Tax payable other than income tax		<b>178,271</b>	185,227
Payables for acquisitions	27(c)	<b>149,046</b>	69,282
Notes payable		<b>95,124</b>	106,661
Other payables and accruals	(b)	<b>530,362</b>	337,485
		<b>2,474,638</b>	1,522,347

Notes:

(a) Payables for construction are non-interest-bearing.

An aging analysis of the payables for construction as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>553,477</b>	737,295
1 to 2 years	<b>377,142</b>	58,900
Over 2 years	<b>65,770</b>	16,497
	<b>996,389</b>	812,692

(b) Other payables and accruals which are non-interest bearing, are expected to be settled within one year or repayable on demand.

Notes to the Unaudited  
Interim Financial Report

## 21. BANK LOANS AND OTHER BORROWINGS

Notes	At 30 June 2025			At 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loan – secured	–	–	–	5.51%	2025	155,070
Long-term bank loan due within 1 year – secured (a)	5.00%	2025	150,000	5.00%	2025	150,000
Long-term bank loan due within 1 year – secured	–	–	–	5.00%	2025	100,000
Long-term bank loan due within 1 year – secured (b)	5.50%	2026	97,250	5.50%	2025	30,650
Long-term bank loan due within 1 year – secured (c)	4.90%	2026	115,000	4.90%	2025	100,000
Long-term bank loan due within 1 year – secured (d)	5.80%	2025	10,000	–	–	–
Long-term borrowing due within 1 year – secured (e)	6.50%	2025	71,540	–	–	–
			<b>443,790</b>			<b>535,720</b>
<b>Non-current</b>						
Long-term bank loan – secured	–	–	–	5.50%	2026	67,600
Long-term bank loan – secured (c)	4.90%	2027	210,000	4.90%	2026	275,000
Long-term bank loan – secured (d)	5.80%	2027	180,000	–	–	–
			<b>390,000</b>			<b>342,600</b>
<b>Total</b>			<b>833,790</b>			<b>878,320</b>

## Notes:

- (a) As at 30 June 2025, the Group's bank loans amounting to RMB150,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, which will be due in July 2025.
- (b) As at 30 June 2025, the Group's bank loans amounting to RMB97,250,000 was guaranteed by Kinetic Coal, of which bank loans amounting to RMB30,650,000 will be due in December 2025, and the rest of bank loans amounting to RMB66,600,000 will be due in February 2026.
- (c) As at 30 June 2025, the Group's bank loans amounting to RMB325,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, of which bank loans amounting to RMB115,000,000 will be due in June 2026 and the rest of the bank loans which amount to RMB210,000,000 will be due in June 2027.
- (d) As at 30 June 2025, the Group's bank loans amounting to RMB190,000,000 was secured by the mining right held by Ningxia Kinetic Mining Co., Ltd. ("Ningxia Kinetic"), of which bank loans amounting to RMB10,000,000 will be due in November 2025, and the rest of bank loans amounting to RMB180,000,000 will be due in February 2027.
- (e) As at 30 June 2025, the Group's borrowing amounting to RMB71,540,000 was guaranteed by Seedland and Mr. Zhang Liang, Johnson and secured by the land rights and 100% equity of Maoming Shengcheng and Maoming Shengda, which will be due in October 2025.

## Notes to the Unaudited Interim Financial Report

### 22. LEASE LIABILITIES

The lease liabilities were repayable as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	27,170	20,363
After 1 year but within 2 years	30,528	29,363
After 2 years but within 5 years	9,288	25,977
After 5 years	1,853	1,853
	<b>68,839</b>	77,556

### 23. LONG-TERM PAYABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Present value of payables in relation to mining rights	568,064	554,197
Present value of compensation payables in relation to the demolition and relocation	308,761	307,578
	<b>876,825</b>	861,775
Less: Current portion of trade and other payables	(83,819)	(82,361)
	<b>793,006</b>	779,414

### 24. INTERIM DIVIDENDS

The Board resolved to declare an interim dividend for the six months ended 30 June 2025 of HKD5.0 cents per share (six months ended 30 June 2024: HKD4.0 cents per share). The total amount of the interim dividend will be HKD421,500,000, equivalent of RMB384,387,000 (six months ended 30 June 2024: HKD337,200,000, equivalent of RMB307,756,000). The declared interim dividends have not been recognised as a liability as at 30 June 2025.

### 25. SHARE CAPITAL

	30 June 2025 RMB'000	31 December 2024 RMB'000
Issued and fully paid: 8,430,000,000 ordinary share of USD0.001 each	54,293	54,293

There was no movement in the Company's share capital during the period. The authorised share capital of the Company is USD500,000,000 consisting of 500,000,000,000 shares of USD0.001 each.

## Notes to the Unaudited Interim Financial Report

### 26. COMMITMENTS

Capital commitments as at 30 June 2025 not accounted for were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Authorised and contracted for acquisition, construction and procurement of mining machinery and properties	779,460	1,347,104

### 27. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended 30 June 2025, transactions with the following parties were considered as related party transactions.

Name of related parties	Relationship
Mr. Zhang Li	A substantial shareholder of the Company
Mr. Zhang Liang, Johnson	A party interested in 62.96% issued shares of the Company held through King Lok Holdings Limited (Note)
Mr. Zhang G.M.	A shareholder of Star Idea
Mr. Ju Wenzhong	Chairman and Executive Director
Shenhua Zhunneng Xiaojia Shayan Coal Storage and Delivery Limited ("Xiaojia") (神華准能肖家沙塢煤炭集運有限責任公司)*	An associate of the Group
Seedland and its subsidiaries	Controlled by Mr. Zhang Liang, Johnson
R&F Properties and its subsidiaries	Mr. Zhang Li is one of major shareholders
Guangzhou Puji Properties Agency Co., Ltd (“Guangzhou Puji”) (廣州普及房地產代理有限公司)*	Controlled by Mr. Zhang Liang, Johnson
Wealth Galaxy Limited	Controlled by Mr. Zhang Liang, Johnson
Seedland Smart Service	Controlled by Mr. Zhang Liang, Johnson
Zhuhai Seedland	Controlled by Mr. Zhang Liang, Johnson

\* The English translation of the respective company name is for reference only. The official name of the company is in Chinese only.

Note: The entire issued share capital of King Lok Holdings Limited is held by The Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members.



## Notes to the Unaudited Interim Financial Report

### 27. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

#### (a) Transactions with related parties

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Loading services from Xiaojia	58,032	59,889
Lease services from Wealth Galaxy Limited	19,652	–
Provision of property management services to Seedland	27,439	–
	105,123	59,889

#### (b) Amounts due from related parties

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
Other current and non-current assets			
– Loans to related parties	15	283,783	259,990
Prepayment for the proposed acquisitions	14	1,333,990	2,234,770
Trade and other receivables			
– Amounts due from Seedland and its subsidiaries	27(c)(iv)	140,604	–
– Amounts due from R&F Properties and its subsidiaries	27(c)(iv)	31,004	1,913
– Amounts due from Guangzhou Puji		1,882	–
– Amounts due from a related party		–	17,308
		1,791,263	2,513,981

Note:

On 22 June 2020, the Group entered into a loan agreement with Guizhou Liliang in the principal amount of RMB57,000,000, for a term of 2 years. The interest rate is 2% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center (“NIFC”), and the interest shall be paid annually. On 23 December 2022, the Group entered into a supplementary agreement with Guizhou Liliang, pursuant to which, the due date of the loan was extended to 31 December 2023, with the interest rate raised to 2.5% above the 1-year loan market quoted interest rate announced by the NIFC. On 9 February 2024, the Group entered into the secondary supplementary agreement with Guizhou Liliang, pursuant to which, the due date of the loan was extended to 31 December 2025, with the interest rate raised to 3.5% above the 1-year loan market quoted interest rate announced by the NIFC. The principal amount of the loan together with all the outstanding interest payables thereon shall be fully repaid on the due date.

## Notes to the Unaudited Interim Financial Report

### 27. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

#### (b) Amounts due from related parties (cont'd)

On 28 June 2022, the Group entered into a loan agreement with Guizhou Liliang in the principal amount of RMB200,000,000 for a term of 2 years (“**Loan Agreement**”). The interest rate is calculated by adding 1.5% on top of the 1-year loan prime rate (“**LPR**”) in PRC. On 2 July 2024, the Group and Guizhou Liliang entered into a supplemental agreement to the Loan Agreement (“**Supplemental Agreement**”), pursuant to which the parties agreed that the repayment date of the loan will be extended to 30 June 2025, with the interest rate to be raised to 2.5% above the 1-year loan prime rate (“**LPR**”) in the PRC in effect during the term of the loan. Other than the above, the other terms and conditions of the Loan Agreement continue to be in full force and effect. On 30 June 2025, the Group and Guizhou Liliang entered into the second supplemental agreement to the Loan Agreement, pursuant to which the parties agreed that the repayment date of the loan will be extended to 30 June 2027, with the interest rate 2.5% above the 1-year loan prime rate (“**LPR**”) in the PRC in effect during the term of the loan. The principal amount of the loan together with all the outstanding interest payables thereon shall be fully repaid on the due date. As at 30 June 2025, approximately RMB192,287,000 out of the principal amount has been drawn down.

As at 30 June 2025, the principal of loan receivable was RMB249,287,000 (including current portion, as disclosed in Note 15) (31 December 2024: RMB228,587,000) and the interest receivable was RMB33,323,000 recorded in other non-current assets (31 December 2024: RMB27,453,000). The interest income on these loans for the six months ended 30 June 2025 was RMB5,870,000 (six months ended 30 June 2024: RMB5,021,000).

#### (c) Amounts due to related parties

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
Xiaojia		10,628	–
Mr. Zhang Li	i	69,228	70,282
Mr. Zhang G.M.		–	10,000
Seedland Smart Service	ii	68,568	–
Zhuhai Seedland	iii	12,250	–
Seedland and its subsidiaries	iv	160,061	–
R&F Properties and its subsidiaries	iv	108,254	896
Guangzhou Puji		13,740	–
		<b>442,729</b>	<b>81,178</b>

Note:

- (i) The amount due to Mr. Zhang Li mainly consists of payables of RMB68,228,000 for the acquisition of Star Idea Group and the former shareholder's loan of RMB1,000,000 of Star Idea. On 30 December 2022 and 29 March 2023, the Company entered into equity transfer agreements with Mr. Zhang Li and Star Idea to acquire 73% equity interests of Star Idea. The total consideration of the acquisition in aggregate was USD62,757,010 (equivalent to RMB440,974,000). The acquisition of 73% equity interest in Star Idea had been completed on 9 October 2023.

## Notes to the Unaudited Interim Financial Report

### 27. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

#### (c) Amounts due to related parties (cont'd)

Note: (cont'd)

- (ii) The amount due to Seedland Smart Service consists of payables of RMB68,568,000 for the acquisition of Seedlife. On 6 September 2024, the Group entered into a share purchase agreement with Seedland Smart Service and Seedlife to acquire 100% equity interests of Seedlife. The acquisition of 100% equity interest in Seedlife had been completed on 13 January 2025.
- (iii) The amount due to Zhuhai Seedland consists of payables of RMB12,250,000 for the acquisition of Maoming Shengda and Maoming Shengcheng. As disclosed in Note 14(b), the Group entered into the fifth supplemental agreement with Sellers, Maoming Shengda and Maoming Shengcheng to acquire 100% equity interests of Maoming Shengda and Maoming Shengcheng. The acquisition had been completed on 13 June 2025.
- (iv) As at 30 June 2025, the Group recorded amounts due from and to Seedland and its subsidiaries and Guangzhou R&F and its subsidiaries, respectively, and were in negotiation with relevant related parties on the settlement plans. Certain amounts due to related parties arising from the acquisition of subsidiaries will be settled based on agreements reached during the acquisition.

Amounts due to related parties are unsecured, interest-free and repayable on demand.

#### (d) Key management personnel remuneration of the Group

Remuneration for directors and key management personnel of the Group is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	16,543	13,619
Contributions to defined contribution retirement plans	655	457
	17,198	14,076

#### (e) Financial guarantees

As at 30 June 2025, the Group's loans totaling RMB71,540,000 was guaranteed by Seedland and Mr. Zhang Liang, Johnson. More details are disclosed in Note 21(e) to the unaudited interim financial report.

## Notes to the Unaudited Interim Financial Report

### 28. FAIR VALUE MEASUREMENT

#### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

	Fair value at 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Performance compensation receivable	84,673	–	–	84,673
Trust wealth management investments	198,725	–	–	198,725
Trading securities	8,679	8,679	–	–

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Performance compensation receivable	84,734	–	–	84,734
Trust wealth management investments	228,911	–	–	228,911
Trading securities	105,498	105,498	–	–

## Notes to the Unaudited Interim Financial Report

### 28. FAIR VALUE MEASUREMENT (cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the six months ended 30 June 2025, there were net loss amounting to RMB64,888,000 arising from the fair value changes of the trust wealth management and trading securities as a result of the market price movements.

The movement during the six months ended 30 June 2025 in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2025 RMB'000	At 30 June 2024 RMB'000
At the beginning	228,911	220,177
Redemption of financial assets at fair value through profit or loss	–	(16,106)
Changes in fair value recognised in profit or loss during the period	(30,186)	15,993
	198,725	220,064

Except for the above mentioned, there were no other financial assets or liabilities measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2025. The following methods and assumptions were used to estimate the fair values:

The fair values of cash at bank and on hand, financial assets included in trade and other receivables, financial liabilities included in trade and other payables and interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.



## Notes to the Unaudited Interim Financial Report

### 29. ACQUISITION OF SUBSIDIARIES

#### (a) Acquisition of Seedlife

On 6 September 2024, the Group entered into a share purchase agreement with Seedland Smart Service and Seedlife to acquire 100% equity interests of Seedlife. The total consideration of the acquisition was RMB423,000,000. Upon the completion of the acquisition on 13 January 2025, the Group controls 100% equity interests of Seedlife. As at 30 June 2025, the remaining consideration amounting to RMB68,568,000 was payable by the Group.

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

The acquisition of Seedlife contributed consolidated revenue of RMB114,042,000 and consolidated net profit of RMB10,755,000 to the Group for the period from the acquisition date to 30 June 2025.

	Acquisition date RMB'000
Total consideration	423,000
Less: Fair value of total identifiable net assets	(234,625)
Goodwill	188,375
Total consideration	423,000
Less: Cash at bank and on hand of acquiree	(14,146)
Prepayment for the proposed acquisition in previous years	(278,405)
Payables for acquisitions	(68,568)
Account receivable deducted from the consideration	(50,000)
Net cash outflow arising from the acquisition of Seedlife	11,881

The goodwill arising from the acquisition is attributable to the anticipated future benefits following the acquisition of the equity interests in the subsidiary stated above. None of the goodwill recognised is expected to be deductible for tax purposes.

## Notes to the Unaudited Interim Financial Report

### 29. ACQUISITION OF SUBSIDIARIES (cont'd)

#### (a) Acquisition of Seedlife (cont'd)

The assets and liabilities arising from the acquisition of Seedlife are as follows:

	Fair value at the acquisition date RMB'000
Property, plant and equipment	2,737
Intangible assets	268,296
Deferred tax assets	15,165
Trade and other receivables	272,025
Cash at bank and on hand	14,146
Pledged and restricted deposits	798
Other non-current assets	1,322
Trade and other payables	(233,293)
Contract liabilities	(39,592)
Deferred tax liabilities	(66,979)
Total identifiable net assets	234,625

The fair value of the identifiable assets and liabilities acquired in the acquisition was determined based on independent valuation conducted by an external valuer using discounted cash flow for intangible assets and cost method for all other assets and liabilities.

#### (b) Acquisition of Qinhuangdao Jifu

On 6 December 2024, the Group entered into an acquisition framework agreement ("**Acquisition Framework Agreement**") with Hainan Hangxiao Real Estate Development Co., Ltd. ("**Hainan Hangxiao**"), R&F Properties, Beijing R&F City Real Estate Development Co., Ltd. ("**Beijing R&F City**"), Beijing R&F Tianchuang Advertising Co., Ltd. ("**Beijing R&F Tianchuang**") and Qinhuangdao Jifu to acquire 100% equity interests of Qinhuangdao Jifu. R&F Properties agreed to transfer to the Group, and the Group agreed to receive, the creditor's rights held by R&F Properties against Qinhuangdao Jifu totaling RMB617,394,000 ("**Creditor's Rights**") for a consideration of RMB564,625,000 ("**Creditor's Rights Transfer**"); the Hainan Hangxiao agreed to transfer to R&F Properties, and R&F Properties agreed to receive, the debt owed by the Hainan Hangxiao to the Group (i.e. the amount paid by the Group under the property purchase framework agreement) in the amount of RMB564,625,000 ("**Debt Transfer**"); and the Hainan Hangxiao and the Group agreed to terminate the property purchase framework agreement. The consideration payable by the Group for the Creditor's Rights Transfer shall be fully set off by the equivalent amount payable by R&F Properties under the Debt Transfer. Upon the completion of the acquisition, the Group controls 100% equity interests of Qinhuangdao Jifu.

Qinhuangdao Jifu is a limited liability company established in the PRC, which principally engages in real estate development and sales.

The identifiable assets of Qinhuangdao Jifu are mainly properties under development that the Group intends to acquire for sale. As of the date of this interim financial report, the acquisition has been completed.

## Notes to the Unaudited Interim Financial Report

### 29. ACQUISITION OF SUBSIDIARIES (cont'd)

#### (b) Acquisition of Qinhuangdao Jifu (cont'd)

The acquisition of Qinhuangdao Jifu has not yet contributed consolidated revenue, while it has resulted in consolidated net loss of RMB28,471,000 to the Group for the period from the acquisition date to 30 June 2025.

The assets and liabilities arising from the acquisition of Qinhuangdao Jifu are as follows:

	Acquisition date RMB'000
Property, plant and equipment	2
Inventories	1,036,959
Trade and other receivables	57,680
Pledged and restricted deposits	607
Trade and other payables	(205,542)
Contract liabilities	(325,081)
Total identifiable net assets	564,625
Less: Prepayment for the proposed acquisition	(564,625)
No cash outflow arising from the acquisition of Qinhuangdao Jifu	—

#### (c) Acquisition of Maoming Shengda and Maoming Shengcheng

As disclosed in Note 14(b), on 1 November 2024, the Group entered into the fifth supplemental agreement with Sellers, Maoming Shengda and Maoming Shengcheng to acquire 100% equity interests of Maoming Shengda and Maoming Shengcheng. The total consideration of the acquisition was RMB70,000,000. Upon the completion of the acquisition, the Group controls 100% equity interests of Maoming Shengda and Maoming Shengcheng.

Maoming Shengda and Maoming Shengcheng are companies established in the PRC with limited liability, which principally engage in real estate development and sales.

The identifiable assets of Maoming Shengda and Maoming Shengcheng are mainly properties under development that the Group intends to acquire for sale. The acquisition was completed on 13 June 2025.

## Notes to the Unaudited Interim Financial Report

### 29. ACQUISITION OF SUBSIDIARIES (cont'd)

#### (c) Acquisition of Maoming Shengda and Maoming Shengcheng (cont'd)

The assets and liabilities arising from the acquisition of Maoming Shengda and Maoming Shengcheng are as follows:

	Maoming Shengda RMB'000	Maoming Shengcheng RMB'000
Trade and other receivables	21,479	1,080
Cash at bank and on hand	22,858	–
Inventories	293,758	102,209
Trade and other payables	(252,133)	(21,594)
Contract liabilities	(26,117)	–
Bank loans and other borrowings	(14,540)	(57,000)
Total identifiable net assets	45,305	24,695
Total identifiable net assets of Maoming Shengda and Maoming Shengcheng		70,000
Total consideration for the identifiable net assets acquired		70,000
Less: Cash at bank and on hand of acquirees		(22,858)
Prepayment for the proposed acquisition		(57,750)
Payables for acquisitions		(12,250)
Add: Payment in relation to the other borrowings prior to the acquisition date		55,000
Net cash outflow arising from the acquisition of Maoming Shengda and Maoming Shengcheng		32,142

### 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 6 January 2025, a total of 263,500,000 awarded shares were granted to directors and employees of the Group under the 2023 Share Award Scheme, which was adopted by the Company on 22 May 2023. No awarded shares or share options were granted during the six months ended 30 June 2024. Each awarded share entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HKD1.00. All awarded shares granted to directors and employees will vest in full on 6 January 2028.

### 31. APPROVAL OF UNAUDITED INTERIM FINANCIAL REPORT

The unaudited interim financial report was approved and authorised for issue by the Board on 20 August 2025.

## Other Information

### CORPORATE GOVERNANCE

#### Corporate Governance Code

As the Company believes that good corporate governance is essential to the shareholders of the Company, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality Board, sound internal controls and effective accountability to the shareholders of the Company as a whole.

The Board is of the view that the Company has complied with the code provisions of the Corporate Governance Code as set out in part 2 of Appendix C1 of the Listing Rules for the six months ended 30 June 2025.

#### Directors' and Relevant Employees' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

All the directors of the Company have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 June 2025.

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

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

### AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Ms. Liu Peilian and Mr. Chen Liangnuan and one non-executive Director, Ms. Zhang Lin. Ms. Liu Peilian is the chairlady of the Audit Committee, who possesses the appropriate professional qualification on accounting or related financial management expertise. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control system. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2025.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).



## Other Information

## DISCLOSURE OF INTERESTS

**Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures**

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

***Long position in the ordinary shares of the Company***

Name of Directors	Capacity/Type of interest	Number of ordinary shares	Approximate percentage of shareholding <sup>1</sup>
Mr. Ju Wenzhong	Beneficial interests	15,821,659 <sup>2</sup>	0.19%
Mr. Li Bo	Beneficial interests	8,001,886 <sup>3</sup>	0.09%
Mr. Ji Kunpeng	Beneficial interests	5,000,000 <sup>4</sup>	0.06%
Ms. Xue Hui	Beneficial interests	3,860,055	0.05%

Notes:

1. The calculation is based on the total number of issued ordinary shares of 8,430,000,000 shares as at 30 June 2025.
2. The interest comprises 10,821,659 issued shares and 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Ju Wenzhong are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".
3. The interest comprises 3,001,886 issued shares and 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Li Bo are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".
4. The interest comprises 5,000,000 underlying shares in respect of the outstanding awarded shares which remained unvested under the 2023 Share Award Scheme. Details of the awarded shares granted to Mr. Ji Kunpeng are set out under "GRANT OF SHARE AWARDS UNDER THE 2023 SHARE AWARD SCHEME".

Save as disclosed above, as at the Latest Practicable Date, there was no other Directors or the chief executive of the Company or any of their associates who had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

## DISCLOSURE OF INTERESTS (cont'd)

**Directors' and Chief Executive's Rights to Acquire Shares or Debentures**

At no time during the six months ended 30 June 2025 was the Company, its subsidiaries, its associate, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors or chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares**

So far as known to the Directors and chief executive of the Company, as at 30 June 2025, the persons or corporations (except the Directors or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

***Long position in the ordinary shares of the Company***

Name of substantial shareholders	Capacity/Type of interest	Number of ordinary shares	Approximate percentage of shareholding <sup>1</sup>
Mr. Zhang Li	Beneficial interests	952,682,000	11.30%
	Interest of spouse <sup>2</sup>	2,800,000	0.03%
Madam Liao Dong Fen	Beneficial Interests	2,800,000	0.03%
	Interest of spouse <sup>3</sup>	952,682,000	11.30%
Mr. Zhang Liang, Johnson	Founder of a discretionary trust who can influence how the trustee exercises his discretion <sup>4</sup>	5,307,450,000	62.96%
TMF (Cayman) Ltd.	Trustee <sup>4</sup>	5,307,450,000	62.96%
The Zhang Family Overseas Limited	Interest in a controlled corporation <sup>4</sup>	5,307,450,000	62.96%
King Lok Holdings Limited	Beneficial interests <sup>4</sup>	5,307,450,000	62.96%

Notes:

- The calculation is based on the total number of issued ordinary shares of 8,430,000,000 shares as at 30 June 2025.
- Mr. Zhang Li is the spouse of Madam Liao Dong Fen. Accordingly, under the SFO, Mr. Zhang Li is deemed to be interested in the 2,800,000 ordinary shares of the Company held by Madam Liao Dong Fen.
- Madam Liao Dong Fen is the spouse of Mr. Zhang Li. Accordingly, under the SFO, Madam Liao Dong Fen is deemed to be interested in the 943,314,000 ordinary shares of the Company held by Mr. Zhang Li.
- The entire issued share capital of King Lok Holdings Limited, which directly holds 5,307,450,000 ordinary shares in the Company, is held by The Zhang Family Overseas Limited, a discretionary family trust with Mr. Zhang Liang, Johnson as settlor for the benefit of Mr. Zhang Liang, Johnson and his family members, which is 100% owned by TMF (Cayman) Ltd., the trustee of The Zhang Family Overseas Limited. Therefore, The Zhang Family Overseas Limited, TMF (Cayman) Ltd. and Mr. Zhang Liang, Johnson are all deemed to be interested in the ordinary shares of the Company held by King Lok Holdings Limited.

## Other Information

### DISCLOSURE OF INTERESTS (cont'd)

Save as disclosed above, as at 30 June 2025, the Directors and chief executive of the Company were not aware of any other person or corporation (except the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

### 2022 SHARE AWARD SCHEME

The Company has approved and adopted a share award scheme on 29 November 2022 (the “**2022 Share Award Scheme**”), which allows the Company to grant awards involving existing shares to eligible participants.

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

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

As at 30 June 2025, the Company has not granted any awards under the 2022 Share Award Scheme. The total number of shares available for issue under the 2022 Share Award Scheme is 843,000,000, representing 10% of the total number of issued shares (excluding treasury shares) as at the date of this interim report.

### 2023 SHARE OPTION SCHEME AND 2023 SHARE AWARD SCHEME

The Company has approved and adopted a new share option scheme (the “**2023 Share Option Scheme**”) and another new share award scheme (the “**2023 Share Award Scheme**”) on 22 May 2023 (the “**Adoption Date**”).

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

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

## Other Information

## 2023 SHARE OPTION SCHEME AND 2023 SHARE AWARD SCHEME (cont'd)

**Grant of Share Awards Under the 2023 Share Award Scheme**

On 6 January 2025, the Company granted an aggregate of 263,500,000 awarded shares to employee participants under the 2023 Share Award Scheme, representing approximately 3.13% of the total issued shares (excluding treasury shares) as at the date of the grant. Among these, 15,000,000 awarded shares were granted to three executive Directors, namely Mr. Ju Wenzhong (Chairman), Mr. Li Bo (Chief Executive Officer), and Mr. Ji Kunpeng, with each receiving 5,000,000 awarded shares. The remaining 248,500,000 awarded shares were granted to employee participants who are employees of the Group but not Directors, chief executives nor substantial shareholders of the Company, or their respective associates (as defined in the Listing Rules). The grant of the awarded shares to the Director grantees was approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. All awards granted to all employee participants will vest at one go on 6 January 2028. The awards were granted without performance targets. In view that (i) the grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant is a recognition for the grantees' past contributions to the Group; and (iii) the Awards are subject to certain vesting conditions and terms of the 2023 Share Award Scheme, which already cover situations where the Awards will lapse in the event that the grantees cease to be employees of the Group, the Remuneration Committee is of the view that the grant of Awards to Employee Participants without performance targets is market competitive and aligns with the purpose of the 2023 Share Award Scheme. The awards are also subject to clawback provisions in accordance with the Company's policy. The grant of awards will be satisfied by issuance of new shares under the scheme mandate limit.

As at 30 June 2025, the Company has not granted any share options under the 2023 Share Option Scheme. As at the date of this interim report, there are still 579,500,000 shares available for future grants to be satisfied by new shares under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, representing approximately 6.87% of the issued shares (excluding treasury shares) as at the date of this interim report.

				Number of unvested awarded shares					
Category of participants	Date of grant	Vesting period	Purchase price	As at 1 January 2025	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2025
Directors:									
Mr. Ju Wenzhong	6 January 2025	6 January 2028	HK\$1.00 per share	–	5,000,000	–	–	–	5,000,000
Mr. Li Bo	6 January 2025	6 January 2028	HK\$1.00 per share	–	5,000,000	–	–	–	5,000,000
Mr. Ji Kunpeng	6 January 2025	6 January 2028	HK\$1.00 per share	–	5,000,000	–	–	–	5,000,000
Employees (excluding directors)									
	6 January 2025	6 January 2028	HK\$1.00 per share	–	248,500,000	–	–	–	248,500,000
Total				–	263,500,000	–	–	–	263,500,000

The closing price of the shares immediately before the date on which the awards were granted was HKD1.28. The fair value of awards at the date of grant was approximately RMB49.5 million. A portion of this amount, totaling approximately RMB12.3 million, was amortized during the period in accordance with HKFRS 2 *Share-based Payment*. The fair value of the awards was measured using Black-Scholes model, taking into account factors such as the share price at the grant date, expected volatility, risk-free interest rate, and the vesting conditions.

The valuation also considered the features of the awards, including the expected dividend yield. As the awarded shares do not carry dividend rights prior to vesting, the expected dividends were incorporated into the fair value measurement by applying a discount to reflect the absence of dividend entitlement during the vesting period.



## Other Information

### 2023 SHARE OPTION SCHEME AND 2023 SHARE AWARD SCHEME (cont'd)

#### **Grant of Share Awards Under the 2023 Share Award Scheme (cont'd)**

The number of shares available for grant under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company at the beginning and the end of the period was 843,000,000 and 579,500,000, respectively. The number of shares available for grant under the service provider sublimit was 84,300,000 at both the beginning and the end of the period.

The Company granted an aggregate of 263,500,000 awarded shares under the 2023 Share Award Scheme. These awarded shares will be satisfied by the issuance of new shares and represent approximately 3.13% of the weighted average number of 8,430,000,000 shares in issue (excluding treasury shares) for the period.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2025, none of the Directors or their close associates (as defined in the Listing Rules) has any other interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditure of approximately RMB189.2 million for the six months ended 30 June 2025, which was mainly for the purpose of the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures were financed by a combination of interest-bearing bank loans and internal resources.

The Group's capital commitments as at 30 June 2025 amounted to approximately RMB779.5 million, which is mainly for the purpose of the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures will be financed by a combination of interest-bearing bank loans and internal resources.

According to the Group's production plan for the coming years, underground extraction activities will extend into agricultural land currently occupied by various domestic households. As a result, the Group's management has been engaging with affected households regarding relocation arrangements and offering monetary compensation. As of 30 June 2025, the Group has estimated future compensation obligations for this purpose, with payment terms still under negotiation.

### FOREIGN CURRENCY RISK

The Company and its subsidiaries are not exposed to significant foreign currency risk since their transactions and balances are principally denominated in their respective functional currencies.