



滙力集團
HUILI GROUP

Huili Resources (Group) Limited
滙力資源（集團）有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code : 1303

2025 INTERIM REPORT





Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cui Yazhou (*Chairman*)
Mr. Ye Xin
Ms. Wang Qian
Mr. Zhou Jianzhong

Non-Executive Director

Mr. Cao Ye

Independent Non-Executive Directors

Ms. Xiang Siying
Mr. Yuen Koon Tung
Mr. Chan Ping Kuen

AUDIT COMMITTEE

Mr. Yuen Koon Tung (*Chairman*)
Ms. Xiang Siying
Mr. Chan Ping Kuen

REMUNERATION COMMITTEE

Ms. Xiang Siying (*Chairlady*)
Ms. Wang Qian
Mr. Yuen Koon Tung

NOMINATION COMMITTEE

Ms. Xiang Siying (*Chairlady*)
Ms. Wang Qian
Mr. Yuen Koon Tung

AUTHORISED REPRESENTATIVES

Mr. Cui Yazhou
Mr. Sin Lik Man

COMPANY SECRETARY

Mr. Sin Lik Man

INDEPENDENT AUDITOR

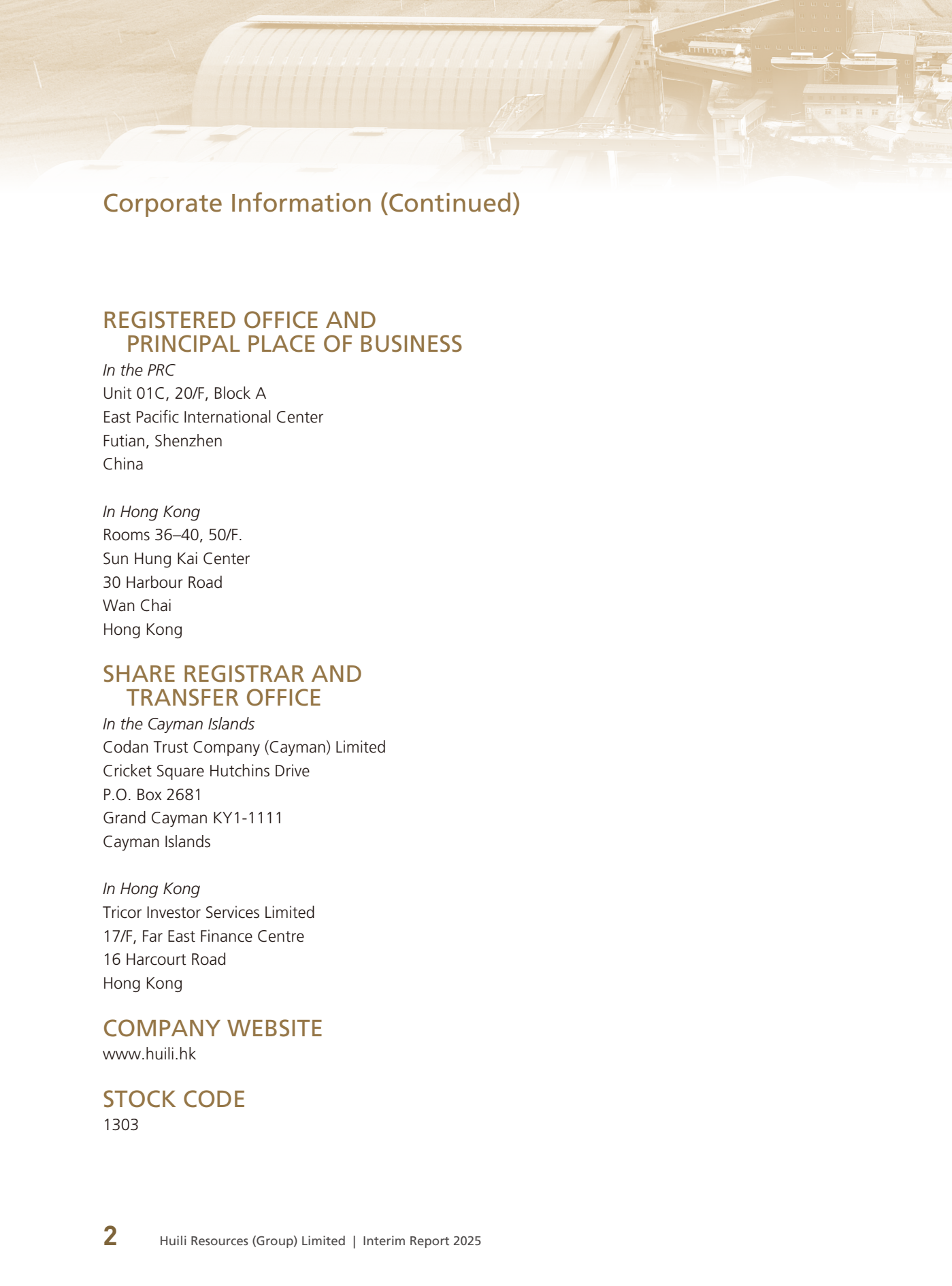
ZHONGHUI ANDA CPA Limited
23/F., Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

LEGAL ADVISERS

*As to laws of the Hong Kong Special
Administrative Region ("Hong Kong")
of the People's Republic of China (the "PRC")*
CLKW Lawyers LLP

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands



Corporate Information (Continued)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

In the PRC

Unit 01C, 20/F, Block A
East Pacific International Center
Futian, Shenzhen
China

In Hong Kong

Rooms 36–40, 50/F.
Sun Hung Kai Center
30 Harbour Road
Wan Chai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

In the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

In Hong Kong

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

COMPANY WEBSITE

www.huili.hk

STOCK CODE

1303

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
	Note	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited) (Restated)
Revenue	6	1,357,566	1,359,778
Cost of sales		(1,304,505)	(1,229,559)
Gross profit		53,061	130,219
Administrative expenses		(33,649)	(18,895)
Other operating gains/(losses)		15,874	(108)
Other (losses)/gains – net	7	(8,649)	9,479
Fair value changes of derivative financial assets		(1,351)	364
Gain on bargain purchases on acquisition of a subsidiary	19	–	20,071
Operating profit		25,286	141,130
Finance income	8	5,029	1,140
Finance costs	8	(4,021)	(3,045)
Finance income/(costs) – net	8	1,008	(1,905)
Profit before income tax	9	26,294	139,225
Income tax expense	10	(8,579)	(21,257)
Profit for the period from continuing operations		17,715	117,968
Discontinued operations			
Loss for the period from discontinued operations	20	–	(985)
Profit for the period		17,715	116,983
Profit/(loss) for the period attributable to equity owners of the Company:			
From continuing operations		17,715	117,968
From discontinued operations		–	(936)
Profit for the period attributable to equity owners of the Company		17,715	117,032

Interim Condensed Consolidated Statement of Comprehensive Income (Continued)

	Note	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited) (Restated)
Loss for the period attributable to non-controlling interests:			
From continuing operations		—	—
From discontinued operations		—	(49)
Loss for the period attributable to non-controlling interests		—	(49)
Other comprehensive (loss)/income after tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value changes of financial assets (debt instruments) at fair value through other comprehensive income ("FVTOCI")		(334)	158
Other comprehensive (loss)/income for the period, net of tax		(334)	158
Total comprehensive income for the period		17,381	117,141
<i>Total comprehensive income for the period attributable to:</i>			
Equity holders of the Company		17,381	117,190
Non-controlling interests		—	(49)
Total comprehensive income for the period		17,381	117,141
Earnings/(loss) per share attributable to the equity holders of the Company			
From continuing and discontinued operations			
– Basic and diluted (RMB cents)	11	0.84	6.08
From continuing operations			
– Basic and diluted (RMB cents)	11	0.84	6.13
From discontinued operations			
– Basic and diluted (RMB cents)	11	—	(0.05)

Interim Condensed Consolidated Statement of Financial Position

	Note	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	341,959	348,715
Right-of-use assets		13,957	16,728
Goodwill		19,607	19,607
Deferred tax assets		9,811	15,149
Total non-current assets		385,334	400,199
Current assets			
Inventories		569,057	793,403
Trade and bills receivables	14	355,984	659,808
Other receivables and prepayments	15	149,975	162,425
Financial assets at FVTOCI		–	541
Derivative financial assets		–	1,504
Cash and cash equivalents		896,941	655,837
Total current assets		1,971,957	2,273,518
Total assets		2,357,291	2,673,717
LIABILITIES			
Current liabilities			
Trade payables	16	990,680	1,252,414
Other payables and accruals	17	81,443	88,059
Contract liabilities		34,017	81,021
Lease liabilities		4,959	4,959
Current tax liabilities		8,159	22,167
Total current liabilities		1,119,258	1,448,620
Net current assets		852,699	824,898

Interim Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Non-current liabilities			
Loan from an ex-shareholder of a subsidiary		93,812	93,463
Loan from a shareholder of the Company		34,646	35,845
Lease liabilities		11,318	13,553
Deferred tax liabilities		16,813	18,173
Total non-current liabilities		156,589	161,034
Total liabilities		1,275,847	1,609,654
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	181,896	181,896
Share premium	18	789,776	789,776
Other reserves		33,227	30,720
Retained earnings		76,545	61,671
Total equity		1,081,444	1,064,063
Total equity and liabilities		2,357,291	2,673,717

Interim Condensed Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company

	Share capital RMB'000	Share premium RMB'000	Safety fund RMB'000	Maintenance fund RMB'000	Capital reserve RMB'000	Investment revaluation reserves RMB'000	Statutory reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	181,896	789,776	–	–	(13,036)	(5,642)	49,398	61,671	1,064,063	–	1,064,063
Total comprehensive (loss)/income for the period (unaudited)	–	–	–	–	–	(334)	–	17,715	17,381	–	17,381
Appropriations to statutory reserves (unaudited)	–	–	–	–	–	–	2,841	(2,841)	–	–	–
Balance at 30 June 2025 (unaudited)	181,896	789,776	–	–	(13,036)	(5,976)	52,239	76,545	1,081,444	–	1,081,444
At 1 January 2024 (audited)	152,933	703,804	221	1,583	(13,819)	(5,649)	38,720	(89,750)	788,043	4,033	792,076
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	–	158	–	117,032	117,190	(49)	117,141
Issue of shares upon acquisition of a subsidiary (unaudited) (note 18)	14,303	28,606	–	–	–	–	–	–	42,909	–	42,909
Appropriations to statutory reserves (unaudited)	–	–	–	–	–	–	3,951	(3,951)	–	–	–
Balance at 30 June 2024 (unaudited)	167,236	732,410	221	1,583	(13,819)	(5,491)	42,671	23,331	948,142	3,984	952,126

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	266,708	(199,191)
Income tax paid	(18,609)	(14,339)
Net cash generated from/(used in) operating activities	248,099	(213,530)
Net cash used in investing activities	(3,235)	(17,761)
Net cash used in financing activities	(2,586)	(1,987)
Net increase/(decrease) in cash and cash equivalents	242,278	(233,278)
Cash and cash equivalents at beginning of period	655,837	474,597
Exchange differences on cash and cash equivalents	(1,174)	467
Cash and cash equivalents at the end of period	896,941	241,786



Notes to the Interim Condensed Consolidated Financial Information

1 General Information

Huili Resources (Group) Limited (the “Company”) was incorporated in the Cayman Islands on 19 February 2010 as an exempted company with limited liability under Companies Law (Cap. 22, as amended and revised) of the Cayman Islands in preparation for a listing of the Company’s shares on the main board of the Stock Exchange of Hong Kong Limited (the “Listing”) under the name of Realty Resources (Group) Limited. On 13 May 2010, the Company changed its name to Huili Resources (Group) Limited. The Company’s shares were listed on the main board of the Stock Exchange of Hong Kong Limited on 12 January 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. With effect from 13 January 2025, the registered office and the principal place of business of the Company is changed to Rooms 36–40, 50/F, Sun Hung Kai Center, 30 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together with the Company, the “Group”) were principally engaged in trading of coal, provision of coal processing services and supply chain management services in the People’s Republic of China (the “PRC”) during the six months ended 30 June 2025 (the “Period”).

These interim condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These interim condensed consolidated financial statements, which have not been audited, have been approved and authorised for issue by the board (the “Board”) of directors (the “Director(s)”) of the Company on 27 August 2025.

2 Basis of Preparation

These interim condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These interim condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2024. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2024 (“2024 Annual Financial Statements”), which have been prepared in accordance with HKFRS Accounting Standards.



Notes to the Interim Condensed Consolidated Financial Information (Continued)

2 Basis of Preparation (Continued)

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTOCI and derivative financial assets, which are measured at fair value.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Annual Financial Statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

3 Changes in Accounting Policies

3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA for the first time for these interim condensed consolidated financial statements.

HKAS 21 (Amendments)	Lack of Exchangeability
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The amendments to HKAS 21 "The Effects of Changes in Foreign Exchange Rates" specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Group concluded that the adoption of this new and revised HKFRS Accounting Standards in the current period has had no material impact on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.



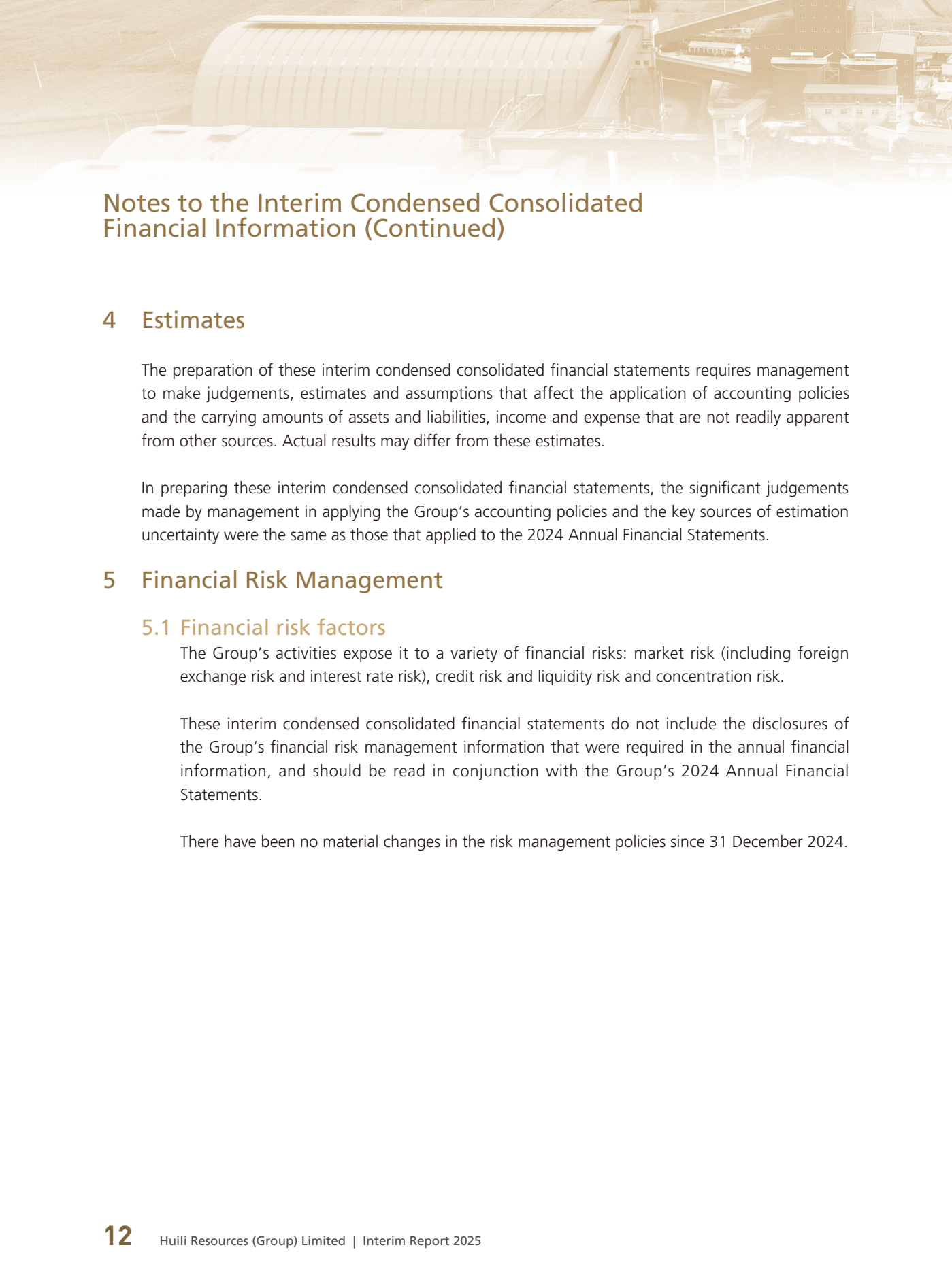
Notes to the Interim Condensed Consolidated Financial Information (Continued)

3 Changes in Accounting Policies (Continued)

3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2025 and not early adopted by the Group

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

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their applications are not expected to have material impact on the financial performance and the financial position of the Group.



Notes to the Interim Condensed Consolidated Financial Information (Continued)

4 Estimates

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expense that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Annual Financial Statements.

5 Financial Risk Management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk and concentration risk.

These interim condensed consolidated financial statements do not include the disclosures of the Group's financial risk management information that were required in the annual financial information, and should be read in conjunction with the Group's 2024 Annual Financial Statements.

There have been no material changes in the risk management policies since 31 December 2024.



Notes to the Interim Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.2 Fair value estimation

This section analyses the Group's financial instruments carried at fair value as at 30 June 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and securities carried at FVTPL) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and debts instruments carried at FVTOCI) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

5 Financial Risk Management (Continued)

5.2 Fair value estimation (Continued)

The following table illustrates the fair value hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 30 June 2025				
– Derivative financial assets (unaudited)	–	–	–	–
– Financial assets at FVTOCI (unaudited)	–	–	–	–
As at 31 December 2024				
– Derivative financial assets (audited)	–	1,504	–	1,504
– Financial assets at FVTOCI (audited)	–	541	–	541

The fair value of financial assets at FVTOCI was measured at traded prices for identical debts instruments in over-the-counter markets at the end of the reporting period.

The derivative financial assets were foreign currency forward contracts of which the fair value was determined using exchange rates quoted by financial institutions.

During the six months ended 30 June 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision maker (the "CODM") that are used to make strategic decisions. The CODM has been identified as the Board.

The CODM regard the Group's coal business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the interim condensed consolidated financial statements of the Group, no separate segmental analysis is presented in the interim condensed consolidated financial statements.

(A) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers are disaggregated by primary geographical markets, major products and service lines and timing on revenue recognition.

For the six months ended 30 June 2025

	Coal business RMB'000 (unaudited)
Primary geographical market	
– The PRC	1,357,566
Major products and services	
– Trading of coal and provision of coal processing services	1,294,494
– Coal supply chain management services	63,072
	1,357,566
Timing of revenue recognition	
– At a point in time	1,357,566

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

(A) Disaggregation of revenue from contracts with customers (Continued)

For the six months ended 30 June 2024

	Coal business RMB'000 (unaudited)
Primary geographical market	
– The PRC	1,359,778
Major products and services	
– Trading of coal and provision of coal processing services	1,329,032
– Coal supply chain management services	30,746
	1,359,778
Timing of revenue recognition	
– At a point in time	1,359,778

Notes to the Interim Condensed Consolidated Financial Information (Continued)

6 Segment Information (Continued)

(B) Geographic information

The following table provides an analysis of the Group's revenue from customers and non-current assets other than deferred tax assets ("Specified non-current assets"):

	Revenue from external customers (by customer location)		Specified non-current assets (by location of assets)	
	For the six months ended 30 June		As at 30 June	As at 31 December
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2025 RMB'000 (unaudited)	2024 RMB'000 (audited)
The PRC	1,357,566	1,359,778	369,859	377,738
Hong Kong	—	—	4,555	5,515
Singapore	—	—	1,109	1,797
	1,357,566	1,359,778	375,523	385,050

Notes to the Interim Condensed Consolidated Financial Information (Continued)

7 Other (Losses)/Gains – Net

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Foreign exchange (losses)/gains, net	(10,088)	4,138
Government subsidy (Note (i))	502	4,737
Penalty income from customers	1	119
Interest income on financial assets at FVTOCI	–	241
Others	936	244
	(8,649)	9,479
Representing		
– Continuing operations	(8,649)	9,479
– Discontinued operations	–	–
	(8,649)	9,479

Note:

- (i) Amounts are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to refund of taxes.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

8 Finance Income/(Costs) – Net

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Finance income		
Interest income	5,029	1,141
Finance costs		
Interest expenses		
– Interest on lease liabilities	(533)	(486)
– Unwinding of discount – provision for close down, restoration and environmental costs	–	(35)
– Interest on loan from an ex-shareholder of a subsidiary	(2,215)	(1,849)
– Interest on loan from a shareholder of the Company	(1,273)	–
– Interest on promissory notes	–	(711)
	(4,021)	(3,081)
Finance income/(costs) – net	1,008	(1,940)
Finance income		
Representing		
– Continuing operations	5,029	1,140
– Discontinued operations	–	1
	5,029	1,141
Financial costs		
Representing		
– Continuing operations	(4,021)	(3,045)
– Discontinued operations	–	(36)
	(4,021)	(3,081)

Notes to the Interim Condensed Consolidated Financial Information (Continued)

9 Profit Before Income Tax

Profit before income tax is arrived at after charging:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Continuing operations		
Cost of inventories	1,206,708	1,157,369
Depreciation of right-of-use assets	2,771	2,496
Depreciation of property, plant and equipment	15,172	5,008
Less: Capitalised in inventories	–	(247)
Depreciation of property, plant and equipment charged to profit or loss	15,172	4,761
Employee costs	56,521	41,787

Notes to the Interim Condensed Consolidated Financial Information (Continued)

10 Income Tax Expense

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current tax – PRC Enterprise Income Tax	4,601	18,844
Deferred tax	3,978	2,386
Income tax expense	8,579	21,230
Representing		
– Continuing operations	8,579	21,257
– Discontinued operations	–	(27)
	8,579	21,230

The Company is an exempted company incorporated in the Cayman Islands and, as such, is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

The Group's subsidiaries incorporated in the British Virgin Islands ("BVI") were not liable for taxation in the BVI on their non-BVI income.

The Group's subsidiaries in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% for each of the six months ended 30 June 2025 and 2024.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong dollars ("HK\$") 2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group during the six months ended 30 June 2025 and 30 June 2024.



Notes to the Interim Condensed Consolidated Financial Information (Continued)

10 Income Tax Expense (Continued)

The Group's subsidiaries in the PRC were subject to the corporate income tax at a rate of 25% in accordance with the Law of the PRC on Enterprise Income Tax for each of the six months ended 30 June 2025 and 2024.

Certain subsidiaries of the Group are eligible as Small Low-profit Enterprises and are subject to the relevant preferential tax treatments in the PRC. During the six months ended 30 June 2025, a Small Low-profit Enterprise with annual taxable income of not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 25% (2024: 25%) of its taxable income at a tax rate of 20%.

During the six months ended 30 June 2025 and 2024, Hainan Runce was entitled to a preferential tax rate of 15% in accordance to the Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for Enterprise Income Tax of Hainan Free Trade Port (Caishui [2025] No. 3) (《財政部稅務總局關於延續海南自由貿易港企業所得稅優惠政策的通知（財稅[2025]3號）》), which was applied to companies incorporated in Hainan, the PRC from 1 January 2020 to 31 December 2027, and subjected to fulfillment of certain conditions precedent to entitlement of the preferential tax rate. Accordingly, during the six months ended 30 June 2025 and 2024, Hainan Runce was subject to the enterprise income tax at a rate of 15%.

During the six months ended 30 June 2025 and 2024, Shenzhen Runce was entitled to a preferential tax rate of 15% in accordance to Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Preferential Enterprise Income Tax Policies of Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Caishui [2021] No. 30) (《財政部稅務總局關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知（財稅[2021]30號）》), which was applied to companies incorporated in Qianhai, the PRC from 1 January 2021 to 31 December 2025, and subjected to fulfillment of certain conditions precedent to entitlement of the preferential tax rate. Accordingly, during the six months ended 30 June 2025 and 2024, Shenzhen Runce was subject to the enterprise income tax at a rate of 15%.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

11 Earnings/(Loss) Per Share

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Profit/(loss) attributable to equity holders of the Company (RMB'000)		
– From continuing and discontinued operations	17,715	117,032
– From continuing operations	17,715	117,968
– From discontinued operations	–	(936)
Weighted average number of shares in issue (in thousands)	2,103,141	1,924,198
Basic and diluted earnings/(loss) per share (RMB cents)		
– From continuing and discontinued operations	0.84	6.08
– From continuing operations	0.84	6.13
– From discontinued operations	–	(0.05)

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there was no dilutive potential share outstanding for the six months ended 30 June 2025 and 2024.

12 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

Notes to the Interim Condensed Consolidated Financial Information (Continued)

13 Property, Plant and Equipment

For the six months ended 30 June 2025, the Group incurred approximately RMB8,417,000 (2024: RMB23,215,000) of capital expenditure on property, plant and equipment. There were no disposals of property, plant and equipment during the six months ended 30 June 2025 and 2024.

14 Trade and Bills Receivables

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade receivables	305,020	540,957
Less: ECLs of trade receivables	(7,598)	(17,884)
Trade receivables, net	297,422	523,073
Bills receivables	58,857	137,699
Less: ECLs of bills receivables	(295)	(964)
Bills receivables, net	58,562	136,735
Total trade and bills receivables, net	355,984	659,808

Notes to the Interim Condensed Consolidated Financial Information (Continued)

14 Trade and Bills Receivables (Continued)

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade and bills receivables after ECLs based on invoice date were as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Up to 3 months	198,992	513,981
3 to 6 months	150,645	142,805
6 to 12 months	6,347	3,022
	355,984	659,808

The Group's trading terms with its customers are mainly on credit or grant a credit period of 45 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Based on communications with the customers, the trade receivables net of provisions as at the end of the reporting period are expected to be settled within one year.

Bills receivables represent unconditional orders in writing issued by customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks. The bills are non-interest bearing and have a maturity from six months to one year.

The carrying amounts of trade and bills receivables approximated to their fair values. The balances were denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

14 Trade and Bills Receivables (Continued)

Movement in the loss allowance in respect of trade and bills receivables during the period is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Balance as at 1 January	18,848	5,603
(Reversal of ECLs)/ECLs recognised during the period	(10,955)	603
Balance as at 30 June	7,893	6,206

15 Other Receivables and Prepayments

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Consideration receivable from disposal of a subsidiary	94,000	94,000
Other receivables	62,920	70,927
Less: Provision of impairment losses on other receivables	(56,575)	(63,310)
	100,345	101,617
Deposits paid to suppliers – third parties	10,293	13,567
Prepayments to suppliers – third parties	20,483	29,731
Other tax recoverable	18,854	17,510
Total other receivables and prepayments, net	149,975	162,425

The carrying amounts of other receivables approximated to their fair values.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

15 Other Receivables and Prepayments (Continued)

Movement in the loss allowance in respect of other receivables during the period is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Balance as at 1 January	63,310	63,501
Reversal of ECLs recognised during the period	(4,919)	(495)
Exchange differences	(1,816)	2,358
Balance as at 30 June	56,575	65,364

16 Trade Payables

The ageing analysis of trade payables as the end of reporting period, based on invoice date was as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Up to 3 months	747,204	1,067,251
3 to 6 months	242,790	4,785
6 to 12 months	196	179,990
Over 12 months	490	388
	990,680	1,252,414

The carrying amounts of trade payables approximated their fair values due to their short-term nature. The balances were denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

17 Other Payables and Accruals

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Other payables (Note)	46,731	41,564
Salary and welfare payables	25,778	25,204
Accrued taxes other than income tax	6,424	19,983
Interest payable on loan from a shareholder of the Company	2,510	1,308
	81,443	88,059

Note: Other payables mainly included security deposits received from customers, payables of equipment purchasing costs, service charges payable and advances from third parties as at 30 June 2025 and 31 December 2024.

The carrying amounts of other payables and accruals approximated their fair values due to their short-term nature.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

18 Share Capital and Share Premium

	Authorised Shares of HK\$0.1 each			
As at 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	5,000,000,000			
	Number of Shares Thousands	Share Capital RMB'000	Share Premium RMB'000	Total RMB'000
As at 1 January 2024 (audited)	1,787,388	152,933	703,804	856,737
Issue of shares pursuant to the acquisition of a subsidiary (Note 19)	156,600	14,303	28,606	42,909
As at 30 June 2024 (unaudited)	1,943,988	167,236	732,410	899,646
As at 1 January 2025 (audited) and 30 June 2025 (unaudited)	2,103,141	181,896	789,776	971,672

Notes to the Interim Condensed Consolidated Financial Information (Continued)

19 Acquisition of CC Bong Logistics Limited (“CCB Logistics”)

On 29 December 2023 (the “Agreement Date”), the Group entered into a sale and purchase agreement with an independent third party (the “Vendor”) to purchase, 100% equity interest in CCB Logistics (the “CCB Logistics Acquisition”) at a consideration of RMB77,558,000. The CCB Logistics Acquisition was completed on 24 January 2024. CCB Logistics and its subsidiaries were engaged in coal supply chain management services. The CCB Logistics Acquisition would allow the Group to strengthen its existing trading of coal business and supply chain management services capabilities and its presence and provision of services in the coal industries in the PRC.

The fair values of identifiable assets and liabilities of CCB Logistics and its subsidiaries as at the date of the CCB Logistics Acquisition are as follows:

	RMB'000
Property, plant and equipment	150,611
Deferred tax assets	110
Inventories	1,240
Other receivables and prepayments	42,232
Cash and cash equivalents	3,101
Trade payables	(7,759)
Other payables and accruals	(2,311)
Loan from an ex-shareholder of a subsidiary (Note a)	(89,420)
Deferred tax liabilities	(175)
Net identifiable assets acquired	97,629
Consideration	(77,558)
Gain on bargain purchases on acquisition of a subsidiary	20,071
Consideration satisfied by:	
– Issue of 156,600,000 ordinary shares of the Company (Note 18)	42,909
– Issue of the promissory note in the principal amount of HK\$37,360,000 (Note b)	34,649
	77,558
Net cash inflow arising from the acquisition:	
Cash and cash equivalents acquired	3,101



Notes to the Interim Condensed Consolidated Financial Information (Continued)

19 Acquisition of CC Bong Logistics Limited ("CCB Logistics") (Continued)

Notes:

- (a) The loan was granted by an ex-shareholder of a subsidiary of CCB Logistics for a term of 8 years from 1 December 2023 to 30 November 2031. The loan is unsecured, interest-free for the first year and carries interests at 4.2% per annum for the rest of loan period. The loan principal will be repaid by 10 semi-annual installments from the fourth to eighth years, while the accrued loan interests will be repaid by 14 semi-annual installments from the second to eighth years.

The loan is unsecured and interest expense on the loan is calculated using the effective interest method by applying effective interest rate of approximately 4.8% per annum.

- (b) The promissory note was issued by the Company to the Vendor for a term of 5 years from 24 January 2024 to 23 January 2029. The promissory note is unsecured and carries interests at 5% per annum. The promissory note will be repaid by 23 January 2029 while the interests will be repaid annually in arrears on 31 December of each year after the date of issue of the promissory note, i.e. 24 January 2024. The promissory note was subsequently settled by issuing Company's shares to the Vendor in October 2024.

The fair value of the 156,600,000 shares of the Company (the "Consideration Shares") issued as the consideration paid was determined on the basis of the closing market price of HK\$0.3 (equivalent to RMB0.274) of the Company's ordinary shares on the acquisition date.

The Group recognised a gain on bargain purchase of approximately RMB20,071,000 in the business combination.

The issue price of the Consideration Shares of HK\$0.4 per share was determined with reference to the unaudited consolidated net assets value attributable to equity holders of the Company per share as of 30 June 2023, i.e. reporting date of latest published financial statements since the Agreement Date. Since the fair value of the Consideration Shares decreased as the closing market price of the Company's ordinary shares decreased to HK\$0.3 per share on the acquisition date, business combination resulted in a gain on bargain purchase.

CCB Logistics contributed revenue amounting to approximately RMB1,873,000 to the Group's revenue and incurred a loss of approximately RMB1,497,000 for the period between the date of acquisition and 30 June 2024. If the acquisition had been completed on 1 January 2024, the Group's revenue and net profit for the six months ended 30 June 2024 would have been approximately RMB1,359,778,000 and RMB116,068,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future performance.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

20 Discontinued operations

In July 2024, the Group has entered into an equity transfer agreement with an independent third party, for the disposal of its entire equity interest in Hami Jinhua Mineral Resource Exploiture Limited ("Hami Jinhua"), being 95% of the total equity interest of Hami Jinhua. Hami Jinhua was engaged in the mining, ore processing and sales of lead and zinc products. The disposal has been completed on 29 September 2024 and the Group discontinued its mining business.

The loss for the period from the discontinued operations is analysed as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Loss of discontinued operations	—	(985)

Notes to the Interim Condensed Consolidated Financial Information (Continued)

20 Discontinued operations (Continued)

The results of the discontinued operations for the Period and for the period from 1 January 2024 to 30 June 2024, which have been included in consolidated profit or loss, are as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	—	—
Costs of sales	—	(590)
Gross loss	—	(590)
Administrative expenses	—	(387)
Operating loss	—	(977)
Finance income	—	1
Finance costs	—	(36)
Finance costs – net	—	(35)
Loss before income tax	—	(1,012)
Income tax credit	—	27
Loss for the period	—	(985)

Notes to the Interim Condensed Consolidated Financial Information (Continued)

20 Discontinued operations (Continued)

Loss before income tax for the discontinued operations is arrived at after charging:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Depreciation of property, plant and equipment	—	568
Depreciation of right-of-use assets	—	116
Employee costs	—	160

During the Period, the disposed subsidiary paid approximately Nil (2024: RMB17,689,000) in respect of operating activities, received approximately Nil (2024: Nil) in respect of investing activities and paid approximately Nil (2024: Nil) in respect of financing activities.

21 Related Party Transactions

- (a) The Group's management is of the view that the following persons are related parties of the Group during the six months ended 30 June 2025 and 2024:

Name of related parties	Relationship with the Group
Sky Circle International Limited	A shareholder of the Company which holds 24.8% (31 December 2024: 24.8%) equity interest in the Company.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

21 Related Party Transactions (Continued)

(b) Key management compensation

Included in staff costs are key management personnel compensation and comprises the following categories:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Basic salaries, allowances and other benefits	2,683	3,387
Contributions to retirement benefit scheme	102	89
	2,785	3,476

22 Capital Commitments

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of plant and equipment	1,457	10,255

23 Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities.



Management Discussion and Analysis

BUSINESS REVIEW

Huili Resources (Group) Limited (the “Company”) and its subsidiaries (together with the Company, the “Group”) mainly participates in the coal business, which includes coal processing, supply chain management services and trading businesses.

Coal business

The coal industry in the People’s Republic of China (“China” or the “PRC”) plays a pivotal role in the nation’s energy sector and economic framework. China’s energy resources are characterized by abundance in coal, scarcity in oil, and limited gas reserves. According to the “Statistical Bulletin of the National Economic and Social Development of the People’s Republic of China in 2024”, coal consumption represents a significant portion of China’s energy consumption, standing at 53.2%. In contrast, clean energy sources contribute 28.6% to the energy mix. The reliance on coal in China’s energy consumption structure is notably higher than the global average (Source: Statistical Review of World Energy 2025 74th edition), reflecting a distinct energy profile compared to western countries that primarily depend on oil, supplemented by other energy sources.

China predominantly sources its raw coal domestically, with supplementary imports to meet demand. Despite an increase in coal production since 2021 supported by supply assurance policies, the growth rate of national raw coal production was only 2.9% in 2023 and further declined to 1.3% in 2024. Industrial raw coal output above designated size reached 5.4% year-on-year increase to 2.40 billion tonnes in the first half of 2025 (“the Period”), compared to 2.27 billion tonnes in the first half of 2024 (Source: National Bureau of Statistics). Monthly production trends indicated a recovery in raw coal output compared to the same period in 2024 (Source: National Bureau of Statistics).

At the same time, China’s coal imports have started to decline after new heights were achieved in 2024, driven by economic transformations and shifts in energy commodity trade patterns. In the first half of 2025, coal and lignite imports reached 222 million tonnes (valued at USD171 million), marking 11.1% year-on-year decline on quantity and 32.1% year-on-year decline on amount compared with the 250 million tonnes (valued at USD252 million) in the corresponding period of 2024 (Source: National Bureau of Statistics).



Management Discussion and Analysis (Continued)

Meanwhile, major ports around the Bohai Sea have maintained relatively high coal inventory levels. As of 30 June 2025, the overall coal inventories at major ports around the Bohai Sea stood at 27.56 million tonnes (Source: 中國煤炭資源網 sxcoal.com), marking an increase from the 25.54 million tonnes as at the beginning of the year. This increase of 2.02 million tonnes represents a 7.9% growth. The average daily coal inventory for the first half of the year was 29.36 million tonnes, showcasing an increase of 5.82 million tonnes compared to the corresponding period in 2024, amounting to a 24.7% increase. Such increase in the inventory level reflects the relatively slow consumption of imported coal.

In spite of the declining coal imports as mentioned, domestic raw coal production recovery has further strengthened the overall market supply availability. These dynamics have had a notable impact on market conditions, influencing pricing trends and industry dynamics.

On the other hand, downstream demand in China's coal industry primarily stems from the thermal power, steel, and building materials sectors, with the minor usage in civil, coal chemical, and other industries. However, as the economic model in China has been undergoing transitions to increasingly focus on internal consumption, challenges such as insufficient effective demand and overcapacity persist, negatively impacting the macroeconomic environment and also the downstream demand of coal.

In the first half of 2025, China's macroeconomy exhibited moderate growth of 5.3% (Source: National Bureau of Statistics). During the Period, China's industrial power generation above designated size reached 4,537.1 billion kilowatt-hours, marking a year-on-year increase of 0.8%. This growth rate represents a notable deceleration of 4.8 percentage points compared to the same period last year (Source: National Bureau of Statistics). Concurrently, total electricity consumption across society reached 4,841.8 billion kilowatt-hours, reflecting a year-on-year increase of 3.7% and underscoring the resilience and expansion of China's power sector (Source: National Energy Administration). Conversely, the real estate development sector in China was still facing significant challenges during the Period. According to the data from National Bureau of Statistics, investment completion in real estate development witnessed a year-on-year decline of 11.2%, showcasing a slowdown in activity. The area dedicated to new housing construction also decreased by 9.4% year-on-year, highlighting a contraction in the property development sector. Moreover, the area of commercial housing available for sale experienced a year-on-year increase of 4.1%. These statistics reflect the nuanced dynamics within the real estate market, influencing broader economic trends.



Management Discussion and Analysis (Continued)

While domestic raw coal production recovery stabilized the coal supply, limited demand follow-up, high level of coal inventories maintained by the power plant, and subdued non-power industry purchases have hindered market support. The China coal index 5500K ("CCI 5500K"), a key indicator of coal prices in China, demonstrated a sustained unilateral decline during the Period. Opening at Renminbi ("RMB") 770 per tonne, the index reached a low of RMB615 per tonne in mid-June before closing at RMB620 as of 30 June 2025 (Source: 中國煤炭資源網 sxcoal.com). This decline demonstrated an evolving landscape characterized by output expansion and downward price trajectories during the period, influenced by various factors including production levels and industry demand.

During the Period, the customers of the Company's coal business segment were mainly local coal traders, steel plants and energy companies in the PRC. The Group carried out the coal trading and processing business through three indirectly wholly owned subsidiaries, Changzhi Runce Trading Company Limited* (長治潤策貿易有限公司) ("Changzhi Runce"), Hainan Runce Energy Co., Ltd.* (海南潤策能源有限公司) ("Hainan Runce") and Shanxi Fanpo Clean Energy Technology Company Limited* (山西反坡清潔能源科技有限公司) ("Shanxi Fanpo") in the PRC. The Group also provided coal supply chain management services through an indirectly wholly owned subsidiary, Runce Supply Chain Management (Shenzhen) Co., Ltd* (潤策供應鏈管理(深圳)有限公司) ("Shenzhen Runce") and storage and coal mixing services, which is part of its coal service supply chain management services, through the indirect wholly-owned subsidiaries, Shanxi Margaux Supply Chain Management Company Limited* (山西瑪高供應鏈管理有限公司) ("Shanxi Margaux"), Changzhishi Desheng Coal Storage and Distribution Company Limited* (長治市德勝煤炭儲配有限公司) ("Changzhishi Desheng"), and Shanxi Luyuan Xinneng Technology Company Limited* (山西潞源新能科技有限公司) ("Luyuan Xinneng") in the PRC.

Shanxi Fanpo is principally engaged in the sale of coal and the operation of the coal washery. The coal washery is set up to remove impurities in raw coal, and to classify high quality coal and inferior coal to improve coal utilization efficiency and reduce coal pollutant emission. The coal washery is designed to have a maximum throughput capacity of approximately 14,000 tonnes per day.

Shanxi Margaux, which is an indirect wholly owned subsidiary of the Company, is principally engaged in coal supply chain management services. The coal shed that is owned by Shanxi Margaux has the storage capacity of 250,000 tonnes of coal with a construction area of approximately 16,746 square metre ("sq.m.") and is located approximately 7.0 kilometers ("km") from the Group's washery plant and approximately 2.5 km to 3.0 km from the key highways in Shanxi province, the PRC, which the Company considers it as a prime location from an operational perspective.

* For identification purpose only



Management Discussion and Analysis (Continued)

Changzhishi Desheng, which is an indirect wholly owned subsidiary of the Company, is principally engaged in supply chain management services and general cargo storage services. Changzhishi Desheng owns two coal sheds and the associated machineries of such coal sheds. The expected total storage capacity of the two coal sheds is 1 million tonnes of coal. The coal sheds are located in a logistics park in Shanxi province, the PRC, which has storage and logistics supporting facilities such as cylindrical silos, train dumpers, and coal storage yards. The logistics park is located approximately 1.5 km from a railway station, which is connected to Changzhi South Station of the Central-South Railway, and is also adjunct to the National Highway 228, Erguang Expressway, county and township roads, which the Company considers it as a prime location from an operational perspective and would provide a stable source of demand and may potentially provide an additional source of supply to the Group's trading businesses.

Luyuan Xinneng, which is an indirect wholly owned subsidiary of the Company, is principally engaged in supply chain management services and general cargo storage services. Luyuan Xinneng owns two coal sheds and the associated machineries of such coal sheds in Shanxi province, the PRC. The expected total storage capacity of the two coal sheds is 120,000 tonnes of coal. The coal sheds are located in Shanxi province, the PRC, which is close to the Group's existing coal washery plant. Within around 5 km range, it's connected to several National Highway, Expressway and Railway Lines and Coal Transportation Station, thus has very convenient road and rail transportation. From an operational perspective, this location is a prime location and can provide an additional source of supply for the Group's trading business. The coal shed and the specialised equipment allows the Company to fulfill the storage, loading and coal mixing demand of the customers in Shanxi province, the PRC.

Meanwhile, despite that the energy security role of coal will remain in the near term, low carbonization and clean and efficient productions are still the main development direction of the coal industry. Thus, the Company has commenced a photovoltaic project, aiming to promote low carbonization, integrate development of coal-based energy and multi and green energy, and expand green transformation channels for the coal business. The Company strives and is committed to the green development of the Company's business and ultimately achieving balanced operations between coal business development and ecological protection.

The coal business has contributed approximately RMB1,358 million (2024: RMB1,360 million) to the Group's revenue during the Period.



Management Discussion and Analysis (Continued)

RESULTS REVIEW

Revenue and gross profit

Since 2021, the Group has set the coal business as the strategic business segment of the Group and assigned a major portion of the available resources in developing the Group's coal business. During the Period, the trading of coal and provision of coal processing services, together with the coal supply chain management services remained as the only one operating segment of the Group.

Despite the challenging macroeconomy during the Period, the economy in the PRC was still experiencing a steady growth in the first half of 2025. The GDP of the PRC recorded a growth of 5.3% year-on-year. Yet the domestic coal market was experiencing a downward trend due to the recovery of domestic raw coal production and limited domestic demand for coal products. As compared with the six months ended 30 June 2024 (the "Prior Period"), the Group's revenue decreased by approximately 0.2% to approximately RMB1,358 million for the Period from approximately RMB1,360 million for the Prior Period. Against a backdrop of consistently declining coal prices, flat sales revenue implies a substantial increase in coal trading volumes of the Group.

The cost of sales was approximately RMB1,305 million for the Period, as compared with approximately RMB1,230 million in the Prior Period, representing a year-on-year increase of approximately 6.1%. The increase in cost of sales was attributable to the increase in the trading volume.

The gross profit declined by approximately 59.3%, from approximately RMB130.2 million for the Prior Period to approximately RMB53.1 million for the Period. The consistent decline in coal prices has severely compressed the gross profit margin in the coal trading business. Concurrently, the gross profit of coal supply chain management services business recorded substantial increase for the Period, effectively mitigating the decline of gross profit in the coal trading business.

Operating results

During the Period, the Group considered that it is in the best interest of the Company to concentrate its resources in its coal business and which is the only one operating segment of the Company. As such, no separate segmental analysis is presented.



Management Discussion and Analysis (Continued)

Administrative expenses

During the Period, administrative expenses amounted to approximately RMB33.6 million (the Prior Period: RMB18.9 million), which included staff costs, depreciation charges, professional fees, and office overheads. The rise in administrative expenses was mainly driven by an increase in depreciation charges and staff costs. The increase of depreciation charges during the Period is mainly attributable to the commissioning of the coal sheds owned by Changzhishi Desheng in the second half of 2024, which resulted in the significant increase of the corresponding depreciation charges during the Period as compared to the Prior Period. The increase of staff cost during the Period is mainly attributable to an over accrual in social security contributions in 2023 that was reversed in the Prior Period and it has reduced the staff costs balance recorded for the Prior Period.

Other (losses)/gains – net

Other losses – net for the Period of approximately RMB8.6 million (the Prior Period: other gains – net of RMB9.5 million) mainly represented the combination of foreign exchange losses, net of approximately RMB10.1 million (the Prior Period: foreign exchange gain of approximately RMB4.1 million), and government subsidy of approximately RMB0.5 million (the Prior Period: RMB4.7 million). The foreign exchange losses recorded during the Period mainly arose from the financial assets denominated in USD and HK\$ as the result of the depreciation of USD and HK\$ against RMB, being the Group's functional and presentation currency during the Period.

Other operating gains/(losses)

Other operating gains of approximately RMB15.9 million was recorded during the Period and it was mainly represented by the reversal of expected credit losses ("ECLs") on trade and bills receivables of approximately RMB11.0 million, and reversal of ECLs on other receivables of approximately RMB4.9 million during the Period. During the Prior Period, other operating losses of approximately RMB0.1 million was recorded, which was a mix of ECLs on trade and bills receivables of approximately RMB0.6 million, and reversal of ECLs on other receivables of approximately RMB0.5 million.

Finance income/(costs) – net

Net finance income of approximately RMB1.0 million (the Prior Period: net finance costs of approximately RMB1.9 million) during the Period mainly represented interest income of approximately RMB5.0 million earned from the Group's cash at bank, netted by interest expenses on interest bearing borrowings and lease liabilities of approximately RMB4.0 million.



Management Discussion and Analysis (Continued)

Income tax expense

During the Period, income tax expense was approximately RMB8.6 million (the Prior Period: RMB21.3 million), which mainly represented the tax provision for operations in the PRC during the Period. The decrease was mainly attributable to the current PRC Enterprise Income Tax expenses of approximately RMB4.6 million during the Period, against approximately RMB18.9 million during the Prior Period. No provision for profits tax in Hong Kong was made during the Period.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2025, the Group had no significant investments in debt securities (31 December 2024: RMB0.5 million).

CAPITAL EXPENDITURE

For the Period, the Group incurred approximately RMB8.4 million (the Prior Period: RMB23.2 million) of capital expenditure on property, plant and equipment. There were no disposals of property, plant and equipment and right-of-use assets during both the Period and the Prior Period.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2025 increased to approximately RMB1,081.4 million, an increase of approximately 1.6% over that as at 31 December 2024 of approximately RMB1,064.1 million, whilst the Group's total assets employed decreased to approximately RMB2.36 billion as at 30 June 2025 as compared to approximately RMB2.67 billion as at 31 December 2024.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, the Group invests surplus cash in low-risk fixed deposits to generate additional returns for the Group and the shareholders (the "Shareholders") of the Company.

During the Period, the Group's debt securities recorded a loss in fair value of approximately RMB0.3 million, which were presented as "Fair value changes of financial assets (debt instruments) at fair value through other comprehensive income" in the interim condensed consolidated statement of comprehensive income.



Management Discussion and Analysis (Continued)

During the Period, the Group received nil interest income (the Prior Period: RMB0.2 million) from the debt securities that the Group held. The interest income from debt securities was included in “Other (losses)/ gains – net” in the interim condensed consolidated statement of comprehensive income.

The Group financed its day-to-day operations by internally generated cash flows during the Period. Primary uses of funds during the Period was mainly the payment of operating expenses.

As at 30 June 2025 and 31 December 2024, the Group did not have any outstanding interest-bearing bank loan.

The Group had a loan (the “Loan”) from an ex-shareholder of a subsidiary of CCB Logistics for a term of 8 years from 1 December 2023 to 30 November 2031. The Loan is unsecured, interest-free for the first year and carries interests at 4.2% per annum for the rest of the loan period. The principal of the Loan will be repaid by 10 semi-annual installments from the fourth to eighth years, while the accrued loan interests will be repaid by 14 semi-annual installments from the second to eighth years.

The Group also had a loan (the “Loan from Shareholder”) from a shareholder of the Company for a term of 3 years from 9 July 2024 to 8 July 2027. The Loan from Shareholder is unsecured, and carries interests at the rate equal to the HK\$ Best Lending Rate as announced by the Hong Kong and Shanghai Banking Corporation Limited from time to time plus 2% per annum during the loan period. The principal and the interest of the Loan from Shareholder will be repaid on 8 July 2027.

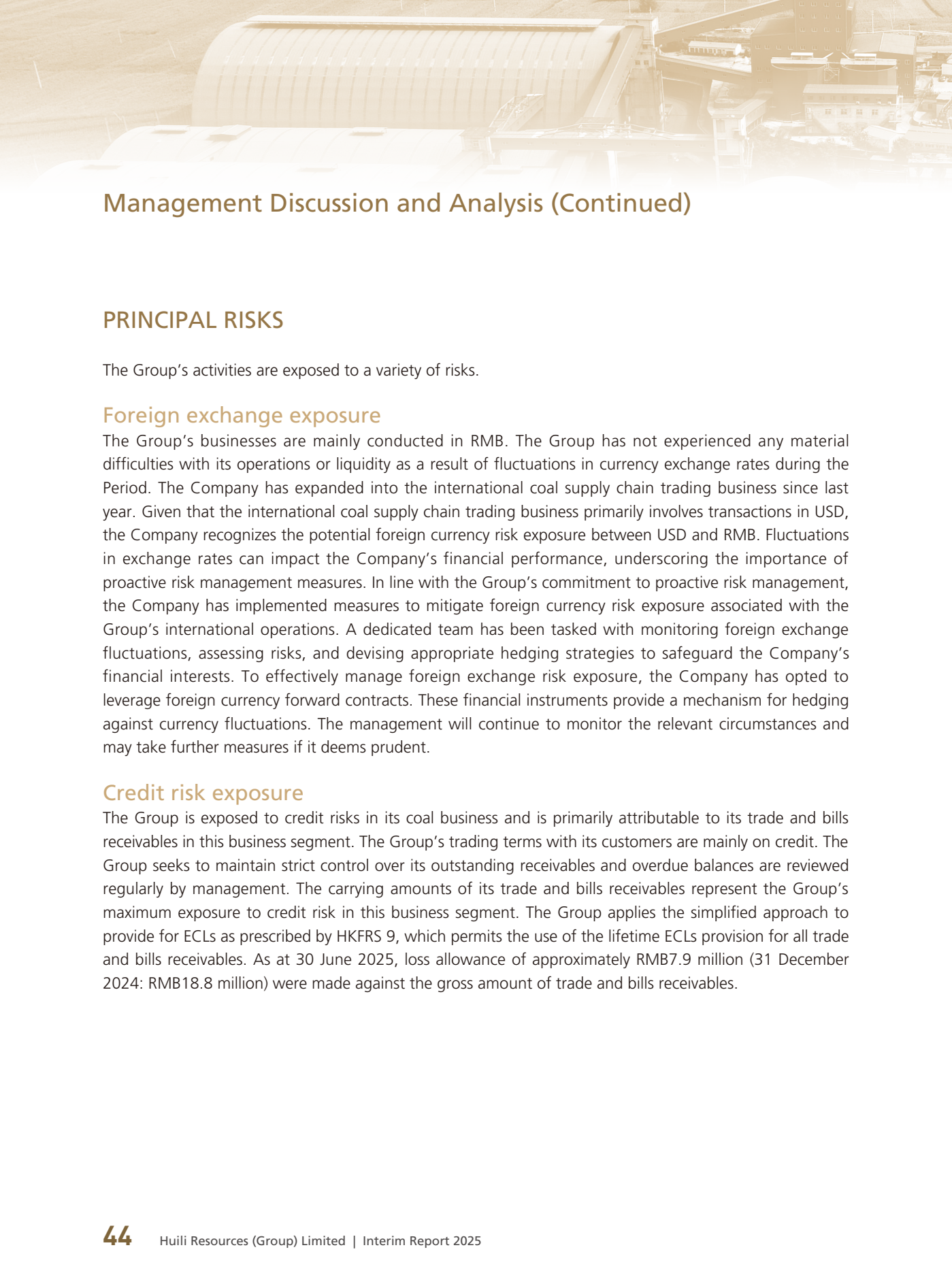
The Group’s liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements. As at 30 June 2025, the Group maintained bank and cash balances of approximately RMB896.9 million (31 December 2024: RMB655.8 million), including nil pledged bank deposits (31 December 2024: nil).

Treasury policy

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB, USD and HK\$. Surplus cash is generally placed in fixed deposits, denominated in USD.

Gearing ratio

Gearing ratio of the Group is calculated based on net debt divided by total capital. Net debt is calculated based on total interest-bearing borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated based on total equity plus net debt. As at 30 June 2025, the Company had net cash position of RMB768.5 million (31 December 2024: RMB526.5 million).



Management Discussion and Analysis (Continued)

PRINCIPAL RISKS

The Group's activities are exposed to a variety of risks.

Foreign exchange exposure

The Group's businesses are mainly conducted in RMB. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Period. The Company has expanded into the international coal supply chain trading business since last year. Given that the international coal supply chain trading business primarily involves transactions in USD, the Company recognizes the potential foreign currency risk exposure between USD and RMB. Fluctuations in exchange rates can impact the Company's financial performance, underscoring the importance of proactive risk management measures. In line with the Group's commitment to proactive risk management, the Company has implemented measures to mitigate foreign currency risk exposure associated with the Group's international operations. A dedicated team has been tasked with monitoring foreign exchange fluctuations, assessing risks, and devising appropriate hedging strategies to safeguard the Company's financial interests. To effectively manage foreign exchange risk exposure, the Company has opted to leverage foreign currency forward contracts. These financial instruments provide a mechanism for hedging against currency fluctuations. The management will continue to monitor the relevant circumstances and may take further measures if it deems prudent.

Credit risk exposure

The Group is exposed to credit risks in its coal business and is primarily attributable to its trade and bills receivables in this business segment. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The carrying amounts of its trade and bills receivables represent the Group's maximum exposure to credit risk in this business segment. The Group applies the simplified approach to provide for ECLs as prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade and bills receivables. As at 30 June 2025, loss allowance of approximately RMB7.9 million (31 December 2024: RMB18.8 million) were made against the gross amount of trade and bills receivables.



Management Discussion and Analysis (Continued)

The Group also separately assesses trade and bills receivables that are individually significant for impairment at each reporting date. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experiences. Trade and bills receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 365 days past due. Impairment losses on trade and bills receivables are presented as net impairment losses within operating results. Subsequent recoveries of amounts previously written off are credited against the same line item. As at the end of the reporting period, none of the trade and bills receivables of the Group was impaired.

CHARGES ON COMPANY'S ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 22 to the interim condensed consolidated financial statements of the Company, the Group had no other contracted capital expenditure, commitments and charge on the Company's assets as at 30 June 2025 and 31 December 2024.

Save as disclosed in note 23 to the interim condensed consolidated financial statements of the Company, the Group had no other material contingent liabilities as at 30 June 2025 and 31 December 2024.

DIVIDEND

The Directors do not recommend the payment of any interim dividend in respect of the Period (the Prior Period: nil).



Management Discussion and Analysis (Continued)

HUMAN RESOURCES AND SHARE OPTION SCHEME

As at 30 June 2025, the Group employed 839 employees (31 December 2024: 999). The total staff costs expensed (including Directors' emoluments) for the Period was approximately RMB56.5 million (the Prior Period: RMB41.8 million). The salaries of employees largely depend on their job nature, performance and length of service with the Group. The Directors' remuneration is determined with reference to salaries paid by comparable companies, their experience and responsibilities and the performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employee benefits, including pension, medical scheme and other applicable social insurance as required by applicable laws and regulations. Apart from regular on-the-job training, the Group encourages its employees to attend external job-related training and provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of each individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the Board. No share option was granted, exercised, lapsed or outstanding during the Period and as at 30 June 2025.

FUTURE OUTLOOK AND PROSPECTS

During the Period, coal demand remained subdued on the heating side. In terms of power generation demand, uncertainties in China-US trade relations and volatile international conditions led to a slowdown in manufacturing electricity consumption growth, resulting in limited coal demand growth due to slower overall power generation growth. Meanwhile, on the supply side, most coal mining enterprises adopted volume-for-price strategies to safeguard profitability, leading to increased rather than decreased coal supply. Although coal imports declined significantly in the first half of 2025, coal inventory levels at major ports around the Bohai Sea remained elevated. Under the influence of supply and demand dynamics, coal prices retreated to levels prior to the substantial increase in 2021 (with reference to the China Coal Index 5500K), and gross margins for coal trading contracted significantly accordingly.



Management Discussion and Analysis (Continued)

Looking ahead to the second half of the year, the National Energy Administration issued the “Notice on Organising Coal Mine Production Inspection to Promote Stable and Orderly Coal Supply” on 10 July 2025, conducting inspections on whether coal mines in major coal-producing regions have engaged in excessive production. This signifies the government’s stance against supporting industry-wide “race-to-the-bottom” competition through volume-for-price strategies, and domestic coal supply is expected to experience slower growth. Concurrently, the significant decline in coal prices has compressed the cost-effectiveness of imported coal. Combined with inventory digestion issues for imported coal, this is expected to further reduce coal imports. On the demand side, according to the latest forecast by the China Electricity Council, national electricity consumption growth is expected to reach 5-6% year-on-year in 2025 (China Power Industry Annual Development Report 2025 by China Electricity Council, 10 July 2025). Based on this calculation, national electricity consumption growth in the second half of 2025 is projected to be approximately 6-8% as compared as the same period in 2024. Although the proportion of renewable energy generation continues to rise, thermal coal power, serving as the “ballast stone” of the power system, is expected to maintain consumption at elevated levels. Considering overall supply and demand dynamics, the coal price trough in June may represent the annual low point (Source: Coal Second Half 2025 Outlook: Supply-Demand Recovery and Price Rebound by China International Capital Corporation Limited Research Report, 28 July 2025).

To capture opportunities in the thriving coal industry, the Group has positioned coal business as a strategic business segment since 2021, allocating increased resources to develop the Group’s coal operations. During the first half of this year, persistent coal price declines and narrowing gross margins in coal trading posed significant challenges to the Group’s coal trading business. On one hand, the Group actively expanded revenue streams by maintaining long-term cooperative relationships with major coal trading customers. Coal trading volume increased substantially during the Period. On the other hand, the Group’s strategy of horizontal and diversified expansion into coal supply chain management services proved effective. The revenue and gross profit generated from coal supply chain management services increased significantly during the Period, effectively offsetting the decline in gross margins from coal trading operations.



Management Discussion and Analysis (Continued)

Facing volatility in the coal market, the Group further strengthened its focus on market and operational risk management during the first half of this year. As of 30 June 2025, the Group's trade receivables decreased from approximately RMB660 million as of 31 December 2024 to approximately RMB356 million, inventories decreased from approximately RMB793 million as of 31 December 2024 to approximately RMB569 million, whilst cash and cash equivalents increased from approximately RMB656 million as of 31 December 2024 to approximately RMB897 million. To further enhance the recovery of the Group's trade receivables, as at the date of this report, the Group commenced a legal action against one of our coal business customers and its guarantor for the outstanding receivables in the amount of approximately RMB115 million. These changes demonstrate the Group's effective risk management capabilities whilst preparing adequately for further business development following market recovery in the coal sector.

As the Group continues to expand its coal operations, the Company remains firmly committed to environmental stewardship. Although coal's role in energy security will persist in the near term, low-carbon and clean, efficient production remains the primary development direction for the coal industry. Accordingly, the Company has initiated photovoltaic project development and construction, aimed at promoting decarbonisation and fostering integrated development between coal-based energy and green energy, thereby expanding pathways for green transformation of coal operations.

Given the sustained and stable demand for thermal coal and coking coal in China, the Group will continue to strengthen its coal trading and supply chain management services. Looking forward, leveraging comprehensive advantages in financing, technology and operational excellence, the Group will explore new opportunities in the coal industry, enhance supply chain resilience, and create sustainable value for society, customers, investors and employees.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as was known to the Directors of the Company, as at 30 June 2025, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares (the "Shares") of the Company, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) (i) 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 were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Management Discussion and Analysis (Continued)

Name	Nature of interests	Total interests in shares	Approximate percentage of the Company's issued share capital
Sky Circle International Limited ("Sky Circle")	Beneficial owner (Note 1)	521,000,000 (L)	24.77%
Mr. Cui Yazhou ("Mr. Cui")	Interest in a controlled corporation (Note 1)	521,000,000 (L)	24.77%
Prosper Union Holdings Limited	Beneficial owner (Note 2)	137,792,017 (L)	6.55%
Mr. Ye Xin ("Mr. Ye")	Interest in a controlled corporation (Note 2)	137,792,017 (L)	6.55%

Remarks: (L): Long position

Notes:

1. Mr. Cui, the chairman of the Board and an executive Director, is the legal and beneficial owner of the entire issued share capital of Sky Circle which holds 521,000,000 Shares, and thus Mr. Cui is deemed to be interested in such shares of the Company under the SFO.
2. Mr. Ye, an executive Director, is the legal and beneficial owner of the entire issued share capital of Prosper Union Holdings Limited which holds 137,792,017 Shares, and thus Mr. Ye is deemed to be interested in such shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2025, the Directors of the Company were not aware of any other Directors and chief executive of the Company who had, or is deemed to have, interests or short positions in the Shares, and underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Management Discussion and Analysis (Continued)

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors of the Company, as at 30 June 2025, the following persons (not being a Director or chief executive of the Company) had or is deemed to have an interest and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interests	Total interests in Shares	Approximate percentage of the Company's issued share capital
Mr. Feng Yuantao	Beneficial owner	306,522,040 (L)	14.57%
Mr. Bong Chin Chung	Beneficial owner	242,419,957 (L)	11.53%
China Clean Energy Technology Limited	Beneficial owner (Note 1)	170,000,000 (L)	8.08%
Mr. Lai Long Wai	Interest in a controlled corporation (Note 1)	170,000,000 (L)	8.08%
Pine Success International Holdings Limited	Beneficial owner (Note 2)	147,000,000 (L)	6.99%
Ms. Gao Miaomiao	Interest in a controlled corporation (Note 2)	147,000,000 (L)	6.99%
Mr. Cao Jianwei	Interest in a controlled corporation (Note 2)	147,000,000 (L)	6.99%

Remarks: (L): Long position; (S): Short position



Management Discussion and Analysis (Continued)

Notes:

1. Mr. Lai Long Wai is the legal and beneficial owner of the entire issued share capital of China Clean Energy Technology Limited which holds 170,000,000 Shares and thus Mr. Lai Long Wai is deemed to be interested in such shares of the Company under the SFO.
2. Ms. Gao Miaomiao and Mr. Cao Jianwei hold 85% and 15% of the issued share capital of Pine Success International Holdings Limited, respectively. As such, Ms. Gao Miaomiao and Mr. Cao Jianwei are deemed to be interested in such shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2025, the Directors of the Company were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed to have an interests and/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 recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

CONTRACT OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Group's business in which the Company or any of its subsidiaries, fellow subsidiaries and parent company was a party and in which a Director and the Director's connected party had a material interest, whether directly or indirectly, subsisted during or at the end of the Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

No Director or his associate has engaged in any business which competes or is likely to compete directly or indirectly with that of the Group.



Management Discussion and Analysis (Continued)

SHARE OPTION SCHEME

The old share option scheme, which was adopted by the Company on 16 December 2011 was terminated upon the conclusion of the annual general meeting of the Company held on 28 May 2021 (the “AGM”) and no share options can be further granted under the old share option scheme. A new share option scheme (the “Share Option Scheme”) was adopted by the shareholders of the Company at the AGM. The Share Option Scheme shall continue in force for a period commencing from the date of adoption of the Share Option Scheme (the “Date of Adoption”), which is 28 May 2021, and expire at the close of business on the date which falls ten (10) years after the Date of Adoption (that is from 28 May 2021 to 27 May 2031).

The purpose of the Share Option Scheme is to enable the Company to grant options (the “Options”) to select Eligible Participants (as defined below) as incentives or rewards for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain high-calibre persons and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest (the “Invested Entity”).

The Share Option Scheme intends to cover eligible participants (the “Eligible Participants”) including (i) any directors, whether executive or non-executive and whether independent or not, of the Group or any Invested Entity; (ii) any full time or part time employees of any member of the Group or any Invested Entity; (iii) any shareholders of any member of the Group or any Invested Entity or any holders of any securities issued by any member of the Group or any Invested Entity; (iv) any business or joint venture partners, contractors, agents, representatives, consultants, advisers, suppliers, producers of goods or services, licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity.

The subscription price for Shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date on which an offer(s) (the “Offer(s)”) of the grant of an Option(s) to Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme is/are made to an Eligible Participant(s) (the “Offer Date”), which must be a day on which the Stock Exchange is open for the business of dealing in securities listed thereon (“Business Day”); (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.



Management Discussion and Analysis (Continued)

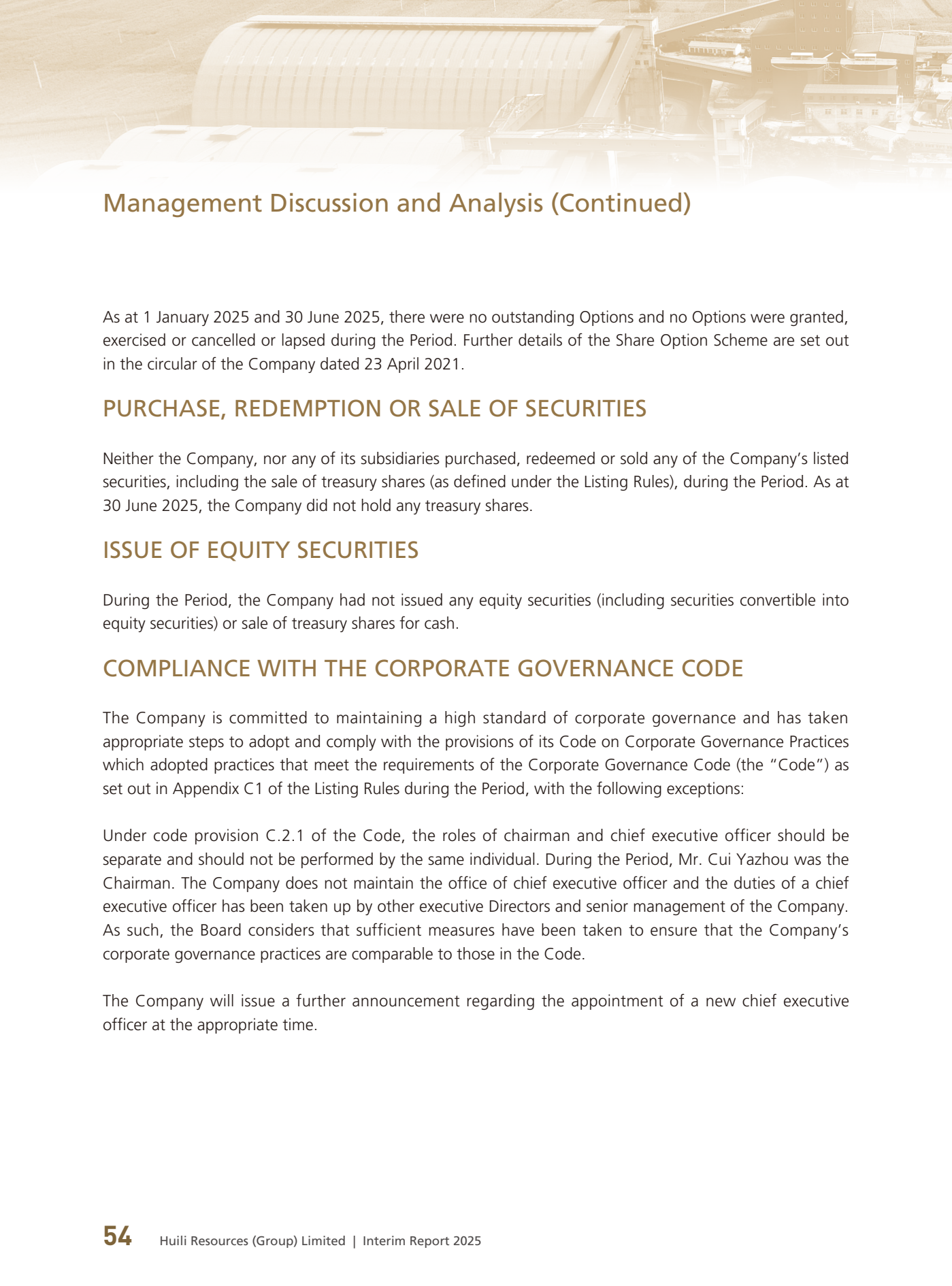
An Offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such Offer shall be open for acceptance after the earlier of the 10th anniversary of the Date of Adoption or the termination of the Share Option Scheme or the Eligible Participant to whom such Offer is made has ceased to be an Eligible Participant. A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option.

The Share Option Scheme does not specify a minimum period for which an Option must be held or the performance target which must be achieved before it can be exercised. The exercise period of the Options granted is determinable by the Directors, and from the date of the grant of the particular Option which shall not exceed the period of 10 years. The exercise of any Option may be subject to any vesting schedule or condition(s) to be determined by the Board.

The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the "Scheme Mandate Limit"), unless approval from shareholders of the Company (the "Shareholder(s)") has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the scheme mandate limit (the "Scheme Mandate Limit"). The Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating this limit.

The total number of Shares available for issue under the Share Option Scheme is 162,000,000 Shares, representing approximately 10% of the total number of Shares in issue as at the date of passing of an ordinary resolution by the Shareholders at the AGM to approve the adoption of the Share Option Scheme. As at 1 January 2025 and 30 June 2025, 162,000,000 Shares were available for issue under the Share Option Scheme, representing 7.7% of the Shares in issue as at 1 January 2025, 30 June 2025 and the date of this report.

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue.



Management Discussion and Analysis (Continued)

As at 1 January 2025 and 30 June 2025, there were no outstanding Options and no Options were granted, exercised or cancelled or lapsed during the Period. Further details of the Share Option Scheme are set out in the circular of the Company dated 23 April 2021.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, including the sale of treasury shares (as defined under the Listing Rules), during the Period. As at 30 June 2025, the Company did not hold any treasury shares.

ISSUE OF EQUITY SECURITIES

During the Period, the Company had not issued any equity securities (including securities convertible into equity securities) or sale of treasury shares for cash.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance and has taken appropriate steps to adopt and comply with the provisions of its Code on Corporate Governance Practices which adopted practices that meet the requirements of the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Listing Rules during the Period, with the following exceptions:

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period, Mr. Cui Yazhou was the Chairman. The Company does not maintain the office of chief executive officer and the duties of a chief executive officer has been taken up by other executive Directors and senior management of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code.

The Company will issue a further announcement regarding the appointment of a new chief executive officer at the appropriate time.



Management Discussion and Analysis (Continued)

DIRECTORS' 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 to the Listing Rules as its own code for dealing in securities of the Company by the directors of the Company (the "Directors"). Having made specific enquiry of all of the Directors, the Directors confirm that they have complied with the required standard as set out in the Model Code during the Period.

CHANGES IN INFORMATION OF DIRECTORS

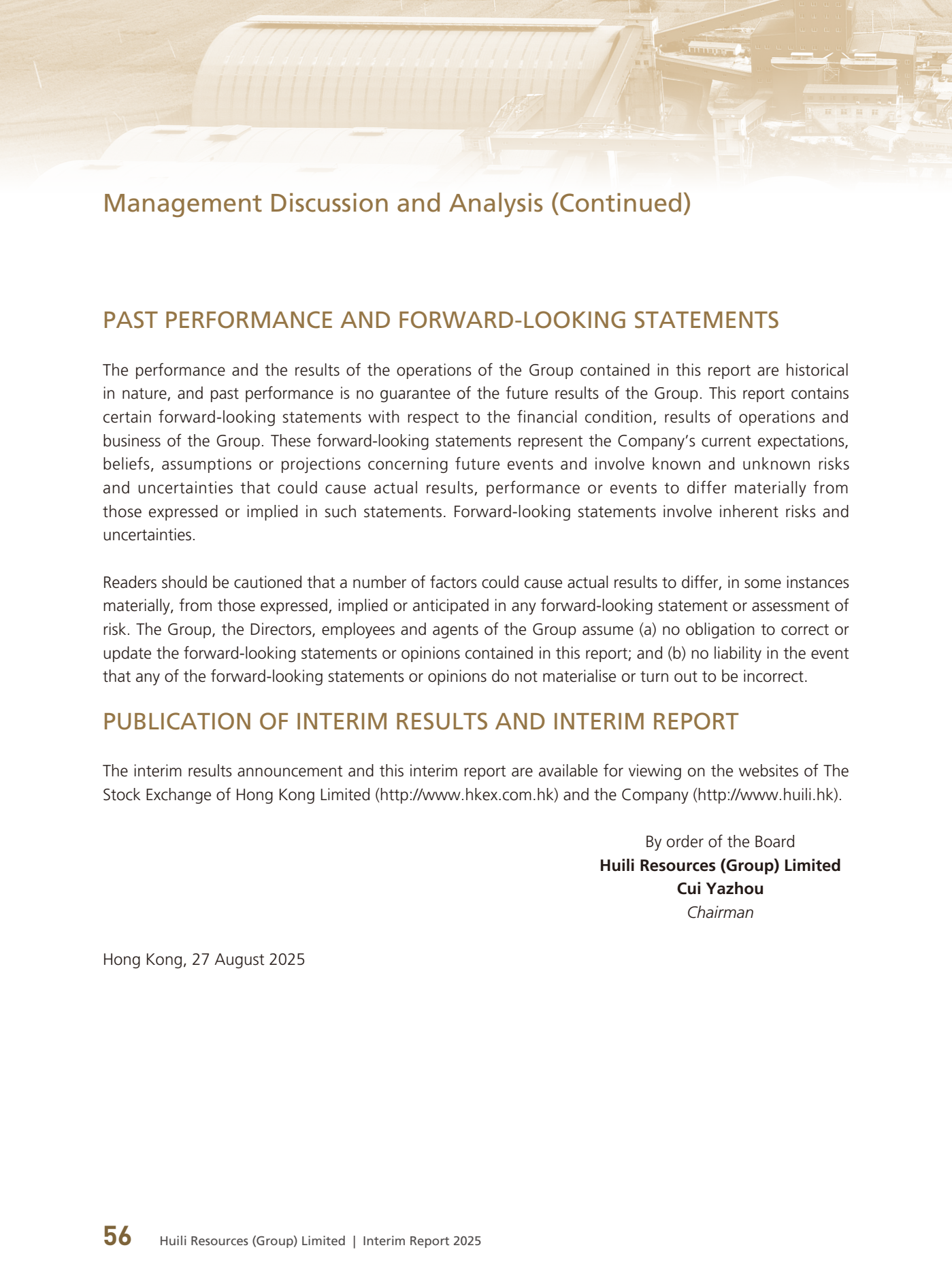
Mr. Yuen Koon Tung, an independent non-executive Director, has been appointed as an independent non-executive director of FEG Holdings Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1413), on 18 June 2025.

Except for the above and upon specific enquiry by the Company and following confirmations from the Directors, there has been no change in the information of the Directors as required to be disclosed pursuant to the Listing Rules subsequent to the date of the annual report for the year ended 31 December 2024.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Code and the Listing Rules for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management systems.

The Audit Committee comprises of three independent non-executive Directors and at least one of whom is an independent non-executive Director with appropriate qualifications or accounting or related financial management expertise. The interim results for the Period is unaudited but has been reviewed by the Audit Committee.



Management Discussion and Analysis (Continued)

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of the operations of the Group contained in this report are historical in nature, and past performance is no guarantee of the future results of the Group. This report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's current expectations, beliefs, assumptions or projections concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements involve inherent risks and uncertainties.

Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those expressed, implied or anticipated in any forward-looking statement or assessment of risk. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and this interim report are available for viewing on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.huili.hk>).

By order of the Board
Huili Resources (Group) Limited
Cui Yazhou
Chairman

Hong Kong, 27 August 2025