

XIZANG ZHIHUI MINING CO., LTD.

西藏智匯礦業股份有限公司

(Incorporated in the People's Republic of China
with limited liability)

Report and Consolidated Financial Statements

For each of the three years ended 31 December 2024
and the seven months ended 31 July 2025

XIZANG ZHIHUI MINING CO., LTD.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2024
AND THE SEVEN MONTHS ENDED 31 JULY 2025

<u>CONTENTS</u>	<u>PAGE(S)</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	5 - 6
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	7 - 8
CONSOLIDATED STATEMENTS OF CASH FLOWS	9 - 10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	11 - 63

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF XIZANG ZHIHUI MINING CO., LTD.

(西藏智匯礦業股份有限公司)

(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of 西藏智匯礦業股份有限公司(Xizang Zhihui Mining Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 63, which comprise the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 31 July 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 July 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 and the seven months ended 31 July 2025 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements of the Group for each of the three years ended 31 December 2024 and the seven months ended 31 July 2025 are prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to note 2 to the consolidated financial statements, which describe the basis of accounting. The consolidated financial statements are prepared solely for the purpose of inclusion in the financial information to be incorporated in the prospectus of the Company dated 11 December 2025 in connection with the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company without our prior written consent. All duties and liabilities (including, without limitation, those arising from negligence or otherwise) to any third party are specifically disclaimed. As explained in our engagement letter governing this engagement, the Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter have any rights under it.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF XIZANG ZHIHUI MINING CO., LTD. - continued

(西藏智匯礦業股份有限公司)

(Incorporated in the People's Republic of China with limited liability)

Other Matter

The comparative financial information for the seven months ended 31 July 2024 has not been audited.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements in accordance with the basis of preparation and presentation set out in note 2 to the consolidated financial statements, this includes determining that the basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF XIZANG ZHIHUI MINING CO., LTD. - continued

(西藏智匯礦業股份有限公司)

(Incorporated in the People's Republic of China with limited liability)

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

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

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

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 December 2025

XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Seven months ended 31 July	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	6	482,354	546,128	301,434	72,619	256,627
Cost of sales		(307,709)	(328,402)	(196,942)	(46,189)	(170,889)
Gross profit		174,645	217,726	104,492	26,430	85,738
Selling and distribution expenses		(1,048)	(412)	(452)	(367)	(271)
General, administrative and other expenses		(44,606)	(56,492)	(47,556)	(33,523)	(28,599)
Other income	7	7,327	5,183	9,269	8,065	3,283
Other gains and losses, net	8	404	9,828	472	281	(41)
Finance costs	9	(1,786)	(2,040)	(2,922)	(1,905)	(1,833)
Listing expenses		-	-	(443)	-	(978)
Profit (loss) before tax		134,936	173,793	62,860	(1,019)	57,299
Income tax (expense) credit	10	(17,046)	(19,068)	(7,006)	1,015	(5,562)
Profit (loss) and total comprehensive income (expense) for the year/period attributable to owners of the Company	11	<u>117,890</u>	<u>154,725</u>	<u>55,854</u>	<u>(4)</u>	<u>51,737</u>
Earnings (loss) per share (in RMB)	14					
Basic		<u>0.33</u>	<u>0.43</u>	<u>0.15</u>	<u>*</u>	<u>0.14</u>

* represents an amount less than RMB0.01.

XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		The Group				The Company			
		As at 31 December			As at	As at 31 December			As at
NOTES		2022	2023	2024	31 July	2022	2023	2024	31 July
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS									
Property, plant and equipment	15	451,924	567,387	620,692	706,266	90	60	42	422
Right-of-use assets	16	16,244	63,455	61,504	60,759	70	117	56	47
Intangible assets	17	340,765	326,290	316,673	399,986	52	41	31	428
Exploration and evaluation assets	18	144,811	146,695	150,113	7,496	-	-	-	-
Investments in subsidiaries	38	-	-	-	-	475,065	475,065	475,065	475,065
Amounts due from subsidiaries	19	-	-	-	-	485,604	485,604	-	-
Other receivables and prepayments	22	381	1,012	73	96	-	-	-	-
Time deposits	25	-	20,000	20,000	20,000	-	20,000	20,000	20,000
Restricted time deposits	25	-	30,000	30,000	-	-	-	-	-
Deferred tax assets	20	11,413	11,271	8,437	7,315	-	-	-	594
		<u>965,538</u>	<u>1,166,110</u>	<u>1,207,492</u>	<u>1,201,918</u>	<u>960,881</u>	<u>980,887</u>	<u>495,194</u>	<u>496,556</u>
CURRENT ASSETS									
Inventories	21	54,402	55,645	60,691	84,778	-	-	-	-
Other receivables and prepayments	22	6,489	9,119	23,292	47,984	96	304	4,301	20,132
Amounts due from a related party	23	504	504	-	-	64	64	-	-
Amounts due from a subsidiary	19	-	-	-	-	195,709	97,343	261,579	239,794
Financial assets at fair value through profit or loss ("FVTPL")	24	100,417	30,780	-	-	-	-	-	-
Prepaid income tax		-	-	1,198	393	-	-	1,198	393
Time deposits	25	-	-	20,000	20,000	-	-	-	-
Bank balances	25	42,270	30,808	142,222	153,432	4,991	983	23,842	22,340
		<u>204,082</u>	<u>126,856</u>	<u>247,403</u>	<u>306,587</u>	<u>200,860</u>	<u>98,694</u>	<u>290,920</u>	<u>282,659</u>
CURRENT LIABILITIES									
Bank borrowings	26	-	3,000	64,675	67,974	-	-	-	-
Amounts due to related parties	23	1	3	3	-	-	2	2	-
Trade and other payables	27	211,767	189,646	209,750	175,157	7,955	11,570	11,572	2,747
Amounts due to subsidiaries	19	-	-	-	-	203,517	315,174	45	-
Contract liabilities	28	295	4,133	25,361	44,217	50	4,133	3,456	13,051
Lease liabilities	29	4,660	368	73	340	48	79	47	48
Provision	30	1,250	-	1,317	1,220	-	-	-	-
Tax payable		35,082	27,546	25,374	26,413	1,417	1,372	-	-
		<u>253,055</u>	<u>224,696</u>	<u>326,553</u>	<u>315,321</u>	<u>212,987</u>	<u>332,330</u>	<u>15,122</u>	<u>15,846</u>
NET CURRENT (LIABILITIES) ASSETS									
		<u>(48,973)</u>	<u>(97,840)</u>	<u>(79,150)</u>	<u>(8,734)</u>	<u>(12,127)</u>	<u>(233,636)</u>	<u>275,798</u>	<u>266,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES									
		<u>916,565</u>	<u>1,068,270</u>	<u>1,128,342</u>	<u>1,193,184</u>	<u>948,754</u>	<u>747,251</u>	<u>770,992</u>	<u>763,369</u>
NON-CURRENT LIABILITIES									
Deferred tax liabilities	20	55,008	52,733	51,271	50,090	-	17	68	-
Other non-current payables	27	-	48,548	34,587	24,877	-	-	-	-
Amounts due to subsidiaries	19	-	-	-	-	167,906	-	-	-
Lease liabilities	29	48	45	31	296	24	45	31	31
Bank borrowings	26	-	-	-	26,000	-	-	-	-
Provisions	30	8,562	9,272	8,352	6,083	-	-	-	-
		<u>63,618</u>	<u>110,598</u>	<u>94,241</u>	<u>107,346</u>	<u>167,930</u>	<u>62</u>	<u>99</u>	<u>31</u>
NET ASSETS									
		<u>852,947</u>	<u>957,672</u>	<u>1,034,101</u>	<u>1,085,838</u>	<u>780,824</u>	<u>747,189</u>	<u>770,893</u>	<u>763,338</u>

XIZANG ZHIHUI MINING CO., LTD.


CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - continued

	NOTES	The Group				The Company			
		As at 31 December			As at	As at 31 December			As at
		2022	2023	2024	31 July	2022	2023	2024	31 July
		RMB'000	RMB'000	RMB'000	2025	RMB'000	RMB'000	RMB'000	2025
EQUITY									
Share capital	31	360,000	360,000	365,854	365,854	360,000	360,000	365,854	365,854
Reserves		492,947	597,672	668,247	719,984	420,824	387,189	405,039	397,484
TOTAL EQUITY		852,947	957,672	1,034,101	1,085,838	780,824	747,189	770,893	763,338

The consolidated financial statements on pages 4 to 63 and Company's statements of financial position were approved and authorised for issue by the board of directors on 11 December 2025 and are signed by:



Ms. Fan Xiulian
Director



Ms. He Qian
Director

XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Retained profits RMB'000	Total RMB'000
As at 1 January 2022	360,000	202,448	11,320	16,829	174,460	765,057
Profit and total comprehensive income for the year	-	-	-	-	117,890	117,890
Transfer to statutory reserve	-	-	6,446	-	(6,446)	-
Dividends recognised as distribution (Note 13)	-	-	-	-	(30,000)	(30,000)
Transfer to special reserve	-	-	-	134	(134)	-
As at 31 December 2022	360,000	202,448	17,766	16,963	255,770	852,947
Profit and total comprehensive income for the year	-	-	-	-	154,725	154,725
Transfer to statutory reserve	-	-	7,446	-	(7,446)	-
Dividends recognised as distribution (Note 13)	-	-	-	-	(50,000)	(50,000)
Transfer from special reserve	-	-	-	(281)	281	-
As at 31 December 2023	360,000	202,448	25,212	16,682	353,330	957,672
Profit and total comprehensive income for the year	-	-	-	-	55,854	55,854
Issue of new shares (Note 31)	5,854	14,721	-	-	-	20,575
Transfer to statutory reserve	-	-	3,189	-	(3,189)	-
Transfer from special reserve	-	-	-	(2,223)	2,223	-
As at 31 December 2024	365,854	217,169	28,401	14,459	408,218	1,034,101
Profit and total comprehensive income for the period	-	-	-	-	51,737	51,737
Transfer to special reserve	-	-	-	1,599	(1,599)	-
As at 31 July 2025	365,854	217,169	28,401	16,058	458,356	1,085,838
As at 1 January 2024(audited)	360,000	202,448	25,212	16,682	353,330	957,672
Loss and total comprehensive expense for the period	-	-	-	-	(4)	(4)
Transfer from special reserve	-	-	-	(833)	833	-
As at 31 July 2024(unaudited)	360,000	202,448	25,212	15,849	354,159	957,668

XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - continued

Notes:

- (a) According to the relevant laws in the People's Republic of China (the "PRC"), entities established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund ("statutory reserve") until the reserve balance reaches 50% of their respective registered capital. The transfer to the statutory reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.
- (b) Pursuant to the relevant PRC regulations, the Group is required to transfer maintenance and production funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account ("special reserve"). The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the special reserve to retained profits.
-

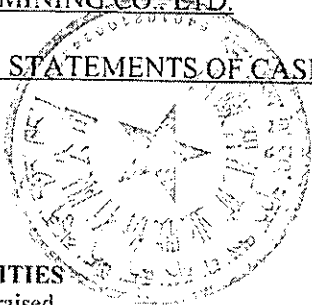
XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
OPERATING ACTIVITIES					
Profit (loss) before tax	134,936	173,793	62,860	(1,019)	57,299
Adjustments for:					
Finance costs	1,786	2,040	2,922	1,905	1,833
Interest income	(609)	(862)	(1,646)	(865)	(727)
Depreciation and amortisation	64,576	67,998	44,631	16,310	28,798
Loss (gain) on disposal of property, plant and equipment, net	158	156	(23)	(23)	-
Gain on extension of repayment of mining rights granting fees payable	-	(8,207)	-	-	-
Gain on termination of leases	-	(166)	(4)	(4)	-
Gain on fair value changes of financial assets at FVTPL	(520)	(1,596)	(315)	(185)	(91)
Net foreign exchange losses	-	-	40	-	178
Operating cash flows before movements in working capital	200,327	233,156	108,465	16,119	87,290
Decrease (increase) in inventories	7,461	(1,243)	(5,046)	(11,810)	(24,087)
Increase in other receivables and prepayments	(2,684)	(2,136)	(8,809)	(12,856)	(10,200)
Increase (decrease) in trade and other payables	70,731	(39,728)	46,682	(14,092)	(42,825)
(Decrease) increase in contract liabilities	(17,685)	3,838	21,228	40,940	18,856
Decrease in provisions	(2,448)	(1,308)	-	-	-
Cash generated from operations	255,702	192,579	162,520	18,301	29,034
Income tax paid	(12,598)	(28,737)	(9,004)	(6,651)	(3,777)
Net cash generated from operating activities	243,104	163,842	153,516	11,650	25,257
INVESTING ACTIVITIES					
Interest received	609	368	52	23	1,324
Purchases of property, plant and equipment	(34,113)	(118,412)	(105,860)	(56,188)	(57,834)
Purchases of intangible assets	(557)	-	-	-	(408)
Purchases of exploration and evaluation assets	(4,355)	(1,884)	(3,418)	(1,440)	(829)
Payments for right-of-use assets for leasehold lands	-	(29,622)	(23,396)	(9,358)	-
Proceeds from disposal of property, plant and equipment	40	78	28	28	-
Repayments of advances to related parties	-	-	504	-	-
Placements of time deposits	-	(20,000)	(20,000)	-	-
Payments for acquisition of financial assets at FVTPL	(220,000)	(400,000)	(140,000)	(70,000)	(118,000)
Proceeds from disposal of financial assets at FVTPL	170,160	471,233	171,095	80,965	118,091
Withdrawals of restricted time deposits	6,995	-	-	-	30,000
Placements of restricted time deposits	-	(30,000)	-	-	-
Net cash used in investing activities	(81,221)	(128,239)	(120,995)	(55,970)	(27,656)

XIZANG ZHIHUI MINING CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued



	For the year ended 31 December			For the seven months ended 31 July	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FINANCING ACTIVITIES				(unaudited)	
New bank borrowings raised	-	3,000	94,675	73,000	72,299
Repayments of bank borrowings	(100,000)	-	(33,000)	(33,000)	(43,000)
Interest paid	(1,381)	(20)	(514)	(424)	(616)
Repayments of lease liabilities	(4,371)	(47)	(466)	(35)	-
Dividends paid	(30,000)	(50,000)	-	-	-
Advances from related parties	-	2	-	-	-
Repayment to related parties	-	-	-	-	(3)
Proceeds from issue of new shares	-	-	20,575	-	-
Deferred issue costs paid	-	-	(2,377)	-	(15,071)
Net cash (used in) from financing activities	<u>(135,752)</u>	<u>(47,065)</u>	<u>78,893</u>	<u>39,541</u>	<u>13,609</u>
Net increase (decrease) in cash and cash equivalents	<u>26,131</u>	<u>(11,462)</u>	<u>111,414</u>	<u>(4,779)</u>	<u>11,210</u>
Cash and cash equivalent at beginning of the year/period	<u>16,139</u>	<u>42,270</u>	<u>30,808</u>	<u>30,808</u>	<u>142,222</u>
Cash and cash equivalents at end of the year/period, represented by bank balances	<u>42,270</u>	<u>30,808</u>	<u>142,222</u>	<u>26,029</u>	<u>153,432</u>

1. GENERAL

Xizang Zhihui Mining Co., Ltd. (the "Company") was established in the PRC on 28 November 2013 and was converted into a joint stock company with limited liability on 18 December 2020 under the Company Law of the PRC. The addresses of the registered office, head office and the principal place of business of the Company is Building 2, No. 2 Tongzhan West Road, Serni District, Nagqu, Xizang, PRC.

The Company, together with its subsidiaries (collectively, the "Group"), is principally engaged in the exploration, mining, production and sales of non-ferrous metal concentrates, which include lead, zinc and copper in the PRC. The information of the subsidiaries of the Company is set out in Note 38.

As at 31 July 2025, the Company was held by Xizang Zhihui Enterprise Management Partnership (Limited Partnership) (西藏智輝企業管理合夥企業(有限合夥)), "Zhihui Partnership", a limited partnership established under the laws of the PRC), Xizang Shengyuan Mineral Group Co., Ltd. (西藏盛源礦業集團有限公司, a limited liability company established in the PRC and is ultimately owned by Xizang SASAC), and Xizang Zhifeng Industrial Co., Ltd (西藏智峰實業有限公司, "Xizang Zhifeng", a limited liability company established in the PRC) as to 1.60%, 44.28% and 54.12%, respectively. In the opinion of the directors of the Company, the ultimate holding company of the Company is Xizang Zhifeng, which is held by Ms. Fan Xiulian ("Ms. Fan"), Ms. He Qian ("Ms. He") and Mr. Lv Xijun ("Mr. Lv"), who have been acting in concert and are considered as ultimate controlling party of the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for each of the three years ended 31 December 2024 and the seven months ended 31 July 2025 (collectively, the "Track Record Period") have been prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board and solely for inclusion as financial information in the Prospectus. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. As the Group's first consolidated financial statements prepared in accordance with IFRS Accounting Standards, IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied save for certain presentation and disclosure provisions therein. The date of transition to IFRS Accounting Standards was 1 January 2022. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance. Further details of material accounting policy information are set out in note 4.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information set out in Note 4 below.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

The statutory consolidated financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were issued in accordance with relevant accounting principles and financial regulations applicable to enterprises in the PRC and were audited by Zhejiang Yuehua Certified Public Accountants Co., Ltd. (浙江岳華會計師事務所有限公司), Certified Public Accountants registered in the PRC. No material adjustments on the transition to IFRS Accounting Standards.

Going concern basis

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Group had net current liabilities of approximately RMB48,973,000, RMB97,840,000, RMB79,150,000 and RMB8,734,000. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis because the Group will be able to meet in full its financial obligations as and when they fall due for the next twelve months from the date of this report, taking into account of the expected cash inflows from operations, early redemption of time deposits, renew of bank borrowings and utilisation of undrawn facilities currently available to the Group that are expected to be extendable when due upon requests of the Group based on current negotiation with these banks.

3. APPLICATION OF NEW AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the Group's accounting period beginning on 1 January 2025, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS
- continued

New and amendments to IFRS Accounting Standards in issue but not yet effective - continued

Except as described below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and financial performance in the foreseeable future.

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

IFRS 18 and amendments to other standards will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Basis of consolidation - continued

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

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

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any accumulated impairment loss.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Lease" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Leases - continued

The Group as a lessee - continued

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments include fixed payments.

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

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Borrowing costs

Borrowing costs not directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Employee benefits

Retirement benefit costs

The Group participates in government-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Taxation - continued

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Property, plant and equipment - continued

Properties in the course of construction in progress for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation of property, plant and equipment is recognised so as to write off the cost of assets other than mine structure and construction in progress less their residual values over their estimated useful lives, using the straight-line method. Depreciation of mine structure is provided using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets are mainly comprised of cost to acquire exploration rights as well as expenditures incurred during topographical exploration process, including topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off in the statement of profit or loss.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Exploration and evaluation assets - continued

Prior to capitalising exploration, drilling and related costs, the management determines that the following conditions have been met that will contribute to future cash flows:

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and controls access to it;
- The transaction or event giving rise to the future benefit has already occurred; and
- Costs incurred can be measured reliably.

Mining rights

Mining rights with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine.

Inventories

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

Provisions

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

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

An obligation to incur environmental rehabilitation and restoration costs arises when environmental disturbance is caused by the development or ongoing production of a mining activity. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised as part of the related property, plant and equipment at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in profit or loss over the life of the operation, through depreciation of the asset. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

(i) Amortised cost and interest income

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

(ii) *Financial assets at FVTPL*

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

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

Impairment of financial assets under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including time deposits, restricted time deposits, amounts due from a related party/subsidiaries, deposits, trade (if any) and other receivables and bank balances) which are under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

(i) *Significant increase in credit risk*

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets under IFRS 9 - continued

(i) *Significant increase in credit risk* - continued

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

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

(ii) *Definition of default*

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

(iii) *Credit-impaired financial assets and Write-off policy*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(iv) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets under IFRS 9 - continued

(iv) *Measurement and recognition of ECL* - continued

Financial assets (including time deposits, restricted time deposits, amounts due from a related party/subsidiaries, deposits, trade (if any) and other receivables and balance balances) are individually assessed by management of the Group using internal credit rating. ECL on these financial assets are estimated by reference to past due status of the individual debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, future economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Financial liabilities and equity - continued

Equity instruments

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

Financial liabilities at amortised cost

All financial liabilities including bank borrowings, amounts due to related parties/subsidiaries, trade and other payables (including other non-current payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The following are the key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Key sources of estimation uncertainties

Depreciation/amortisation of mine structure and mining rights under unit of production method

Technical estimates of the Group's ore reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated ore reserves can be designated as "proved" and "probable". Proved and probable ore reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable ore reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining the depreciation of mine structure in the property, plant and equipment and amortisation for mining rights in the intangible assets. Details of these property, plant and equipment and mining rights are disclosed in Note 15 and Note 17, respectively.

Provisions for environmental rehabilitation and restoration costs

The estimation of provisions for environmental rehabilitation and restoration costs involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of environmental rehabilitation and restoration obligation to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of retirement activities), the revisions to the obligation will be recognised at the appropriate discount rate. Details of the provisions for environmental rehabilitation and restoration costs are disclosed in Note 30.

6. REVENUE AND SEGMENT INFORMATION

Revenue**Disaggregation of revenue from contracts with customers**

The following is an analysis of the Group's revenue from its products:

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Type of revenue - sales of nonferrous metal concentrates</i>				(unaudited)	
- Zinc concentrates	296,266	273,780	215,811	40,448	124,688
- Lead concentrates	160,229	222,746	71,512	25,274	106,300
- Copper concentrates	25,859	49,602	14,111	6,897	25,639
	<u>482,354</u>	<u>546,128</u>	<u>301,434</u>	<u>72,619</u>	<u>256,627</u>
<i>Timing of revenue recognition</i>					
- At point in time	<u>482,354</u>	<u>546,128</u>	<u>301,434</u>	<u>72,619</u>	<u>256,627</u>

Performance obligations for contracts with customers and revenue recognition policies***Sales of nonferrous metal concentrates***

Revenue from the sales of nonferrous metal concentrates, primarily, zinc, lead and copper concentrates, are recognised at point in time when control of the nonferrous metal concentrates have transferred to the customers, i.e. when the nonferrous metal concentrates are delivered to the designated locations instructed by the customers, and at prices pre-determined in agreements.

The Group requests for payments in advance from all customers with no credit terms on sales.

A contract liability is recognised for sales receipts in which revenue has yet been recognised.

In each transaction, a sample of the nonferrous metal concentrates is inspected by the Group prior to delivery to determine the mineral content to be adopted as the basis of calculation of transaction price.

The directors of the Company consider that in general the mineral content and grades of the Group's nonferrous metal concentrates products meet the customers' requirements after the goods have passed the inspections and no further processing is required to improve the grades of the products when the products have been approved for delivery to customers.

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE AND SEGMENT INFORMATION - continued

Segment information

For the purposes of resources allocation and performance assessment, the executive director of the Company, being the chief operating decision maker, reviews the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

All of the Group's sales are made to the customers in the PRC.

All the Group's non-current assets (excluding other receivables, time deposits, restricted time deposits and deferred tax assets) are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group for each reporting periods is as below:

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
- Customer A	197,742	131,899	94,062	25,108	42,019
- Customer B	99,183	63,142	-	-	-
- Customer C	65,556	92,740	62,719	9,641	*
- Customer D	55,129	88,584	*	17,066	*
- Customer E	*	115,809	62,481	20,804	104,806

* Less than 10% of total revenue of the Group of the respective year/period during the Track Record Period.

7. OTHER INCOME

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants (Note)	6,494	4,103	7,622	7,200	2,217
Interest income	609	862	1,646	865	727
Sales of scrap materials	224	218	1	-	339
Total	7,327	5,183	9,269	8,065	3,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER INCOME - continued

Note: The government grants were mainly incentives provided by local government authorities in the PRC to reward the Group's support and contribution for the development of local economies. There were no unfulfilled conditions or contingencies relating to these government grants at the end of each reporting period during the Track Record Period.

8. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Seven months ended 31 July	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss) gain on disposal of property, plant and equipment, net	(158)	(156)	23	23	-
Gain on an extension of repayment of mining rights granting fees payable (Note 27)	-	8,207	-	-	-
Gain on fair value changes of financial assets at FVTPL	520	1,596	315	185	91
Gain on termination of leases	-	166	4	4	-
Net foreign exchange losses	-	-	(40)	-	(178)
Others	42	15	170	69	46
Total	<u>404</u>	<u>9,828</u>	<u>472</u>	<u>281</u>	<u>(41)</u>

9. FINANCE COSTS

	Year ended 31 December			Seven months ended 31 July	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expense on:					
- bank borrowings	1,001	17	510	424	616
- lease liabilities	240	143	4	3	2
- provisions for unwinding of discount (Note 30)	545	451	397	232	166
- extended mining rights fees payable (Note 27)	-	1,429	2,011	1,246	1,049
Total	<u>1,786</u>	<u>2,040</u>	<u>2,922</u>	<u>1,905</u>	<u>1,833</u>

10. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December			Seven months ended 31 July	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax	19,985	21,201	5,634	1,455	5,621
Deferred tax (Note 20)	(2,939)	(2,133)	1,372	(2,470)	(59)
Total	<u>17,046</u>	<u>19,068</u>	<u>7,006</u>	<u>(1,015)</u>	<u>5,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (CREDIT) - continued

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the enterprise income tax ("EIT") rate for the group entities established in the PRC is 25% for the Track Record Period.

According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]) issued on 23 April 2020, companies located in the western region of the PRC and engaged in the business encouraged by the PRC Government is entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year. The Company and Xizang Zhihua Industrial Co., Ltd. (西藏智華實業有限公司, "Zhihua Industrial", a wholly-owned subsidiary of the Company) are engaged in the "business encouraged by the PRC Government in the western region" are eligible for the preferential EIT rate at 15% for the Track Record Period.

In addition, the Company and Zhihua Industrial were granted with further waiver of 40% reduction on EIT and resulted in the effective EIT rate being 9% during the Track Record Period. Xizang Huaxia Mining Co., Ltd. (西藏華夏礦業有限公司, "Huaxia Mining", a wholly-owned subsidiary of the Company) was granted with waiver of 40% reduction on EIT and resulted in the effective EIT rate being 15% during the Track Record Period.

The taxation for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended 31 July	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Profit (loss) before tax	134,936	173,793	62,860	(1,019)	57,299
Tax at the PRC EIT rate of 25%	33,734	43,448	15,715	(255)	14,325
Income tax at concessionary rate	(20,195)	(24,959)	(9,095)	(1,024)	(9,217)
Tax effect of expenses not deductible for tax purposes	3,338	420	288	206	375
Tax effect of tax losses not recognised	169	159	98	58	79
Income tax expense (credit)	17,046	19,068	7,006	(1,015)	5,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

Profit (loss) for the year/period has been arrived at after charging:

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation and amortisation on:					
- property, plant and equipment	51,204	52,082	34,622	15,934	21,626
- right-of-use assets	3,625	1,584	2,112	1,228	1,275
- intangible assets	9,747	14,475	9,617	151	6,900
Total depreciation and amortisation	64,576	68,141	46,351	17,313	29,801
Less: capitalised in construction in progress	-	(143)	(1,720)	(1,003)	(1,003)
	64,576	67,998	44,631	16,310	28,798
Staff costs:					
Directors' remuneration (Note 12)	3,425	3,020	2,489	1,454	1,456
Other staff costs:					
Salaries, wages, bonuses and allowances	45,504	51,102	45,898	24,658	30,218
Retirement benefits	2,827	3,253	3,193	1,806	1,901
Total staff costs	51,756	57,375	51,580	27,918	33,575
Less: capitalised in exploration and evaluation assets	(2,642)	(2,181)	(1,910)	(938)	-
Less: capitalised in inventories	(29,293)	(33,652)	(28,439)	(14,849)	(20,499)
	19,821	21,542	21,231	12,131	13,076
Subcontracting expenses	110,161	121,785	48,440	8,144	56,064
Less: capitalised in property, plant and equipment	(26,677)	(19,715)	(14,704)	-	(15,932)
Less: capitalised in inventories	(81,377)	(99,150)	(33,504)	(8,142)	(40,054)
	2,107	2,920	232	2	78
Listing expenses	-	-	443	-	978
Transportation expenses	28,885	32,422	16,883	1,008	18,762
Cost of inventories sold	267,583	285,702	176,727	41,161	158,661
Auditors' remuneration	254	1,052	833	490	244
Donations (Note)	13,969	19,828	10,128	9,690	10,036

Note: The donations are voluntary and are specifically designated for education poverty alleviation funds, heating construction funds, natural disasters and transportation subsidies, aiming at improving the living and education level of local villagers in Xizang.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Directors' remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2022

	<u>Directors' fee</u> RMB'000	<u>Salaries and</u> <u>allowances</u> RMB'000	<u>Performance-</u> <u>based</u> <u>bonuses</u> RMB'000	<u>Retirement</u> <u>benefit scheme</u> <u>contributions</u> RMB'000	<u>Total</u> RMB'000
Executive director:					
Ms. He (Note)	-	1,317	-	13	1,330
Non-executive directors:					
Ms. Fan	-	854	-	-	854
Mr. Lv	-	791	-	-	791
Mr. Lhakpa Tsering	-	-	-	-	-
Mr. Yan Jun	-	-	-	-	-
Independent non-executive directors:					
Mr. Ye Hui	150	-	-	-	150
Ms. Yang Xiaoyan	150	-	-	-	150
Ms. Zhong Ling	150	-	-	-	150
	<u>450</u>	<u>2,962</u>	<u>-</u>	<u>13</u>	<u>3,425</u>

Year ended 31 December 2023

	<u>Directors' fee</u> RMB'000	<u>Salaries and</u> <u>allowances</u> RMB'000	<u>Performance-</u> <u>based</u> <u>bonuses</u> RMB'000	<u>Retirement</u> <u>benefit scheme</u> <u>contributions</u> RMB'000	<u>Total</u> RMB'000
Executive director:					
Ms. He (Note)	-	1,700	300	25	2,025
Non-executive directors:					
Ms. Fan	-	285	-	-	285
Mr. Lv	-	260	-	-	260
Mr. Lhakpa Tsering	-	-	-	-	-
Mr. Silang Wangdui (appointed on 27 November 2023)	-	-	-	-	-
Mr. Yan Jun (resigned on 26 November 2023)	-	-	-	-	-
Independent non-executive directors:					
Mr. Ye Hui	150	-	-	-	150
Ms. Yang Xiaoyan	150	-	-	-	150
Ms. Zhong Ling (resigned on 26 November 2023)	138	-	-	-	138
Ms. Dong Lijun (appointed on 8 December 2023)	12	-	-	-	12
	<u>450</u>	<u>2,245</u>	<u>300</u>	<u>25</u>	<u>3,020</u>

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS - continued

Directors' and chief executive's emoluments - continued**Year ended 31 December 2024**

	<u>Directors' fee</u> RMB'000	<u>Salaries and</u> <u>allowances</u> RMB'000	<u>Performance-</u> <u>based</u> <u>bonuses</u> RMB'000	<u>Retirement</u> <u>benefit scheme</u> <u>contributions</u> RMB'000	<u>Total</u> RMB'000
Executive director:					
Ms. He (Note)	-	1,700	300	39	2,039
Non-executive directors:					
Ms. Fan	-	-	-	-	-
Mr. Lv	-	-	-	-	-
Mr. Lhakpa Tsering	-	-	-	-	-
Mr. Silang Wangdui	-	-	-	-	-
Independent non-executive directors:					
Mr. Ye Hui	150	-	-	-	150
Ms. Yang Xiaoyan	150	-	-	-	150
Ms. Dong Lijun	150	-	-	-	150
	<u>450</u>	<u>1,700</u>	<u>300</u>	<u>39</u>	<u>2,489</u>

Seven months ended 31 July 2024 (unaudited)

	<u>Directors' fee</u> RMB'000	<u>Salaries and</u> <u>allowances</u> RMB'000	<u>Performance-</u> <u>based</u> <u>bonuses</u> RMB'000	<u>Retirement</u> <u>benefit scheme</u> <u>contributions</u> RMB'000	<u>Total</u> RMB'000
Executive director:					
Ms. He (Note)	-	992	175	23	1,190
Non-executive directors:					
Ms. Fan	-	-	-	-	-
Mr. Lv	-	-	-	-	-
Mr. Lhakpa Tsering	-	-	-	-	-
Mr. Silang Wangdui	-	-	-	-	-
Independent non-executive directors:					
Mr. Ye Hui	88	-	-	-	88
Ms. Yang Xiaoyan	88	-	-	-	88
Ms. Dong Lijun	88	-	-	-	88
	<u>264</u>	<u>992</u>	<u>175</u>	<u>23</u>	<u>1,454</u>

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS - continued

Directors' and chief executive's emoluments - continued**Seven months ended 31 July 2025**

	<u>Directors' fee</u> RMB'000	<u>Salaries and</u> <u>allowances</u> RMB'000	<u>Performance-</u> <u>based</u> <u>bonuses</u> RMB'000	<u>Retirement</u> <u>benefit scheme</u> <u>contributions</u> RMB'000	<u>Total</u> RMB'000
Executive director:					
Ms. He (Note)	-	992	175	25	1,192
Non-executive directors:					
Ms. Fan	-	-	-	-	-
Mr. Lv	-	-	-	-	-
Mr. Lhakpa Tsering	-	-	-	-	-
Mr. Silang Wangdui	-	-	-	-	-
Independent non-executive directors:					
Mr. Ye Hui	88	-	-	-	88
Ms. Yang Xiaoyan	88	-	-	-	88
Ms. Dong Lijun	88	-	-	-	88
	<u>264</u>	<u>992</u>	<u>175</u>	<u>25</u>	<u>1,456</u>

Note: Ms. He is the chairman of the board of directors and executive director of the Company and her emoluments disclosed above include her services rendered as the chairman of the board of directors and executive director in the management of the affairs of the group entities.

During the Track Record Period, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Performance-based bonus is determined by reference to the duties and responsibilities of Ms. He within the Group and the Group's performance.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS - continued

Five individuals with the highest emoluments

The five highest paid individuals of the Group included 3, 1, 1, 1 (unaudited) and 1 directors for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining 2, 4, 4, 4 (unaudited) and 4 individuals for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively, are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and allowance	3,248	4,261	4,155	2,133	2,501
Performance-based bonuses	200	659	695	406	450
Retirement benefits	23	50	51	29	32
	<u>3,471</u>	<u>4,970</u>	<u>4,901</u>	<u>2,568</u>	<u>2,983</u>

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

	Number of employees				
	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025
				(unaudited)	
Emolument bands					
Nil to Hong Kong Dollar ("HK\$") 1,000,000	1	3	3	3	3
HK\$1,500,001 to HK\$2,000,000	-	-	-	1	1
HK\$3,000,001 to HK\$3,500,000	1	1	1	-	-

During the Track Record Period, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the five highest paid individuals waived or agreed to waive any remuneration during the Track Record Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIVIDENDS

	Year ended 31 December			Seven months ended 31 July	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution					
2022 Final - approximately RMB0.08 per ordinary share	30,000	-	-	-	-
2023 Final - approximately RMB0.14 per ordinary share	-	50,000	-	-	-
	<u>30,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. EARNINGS (LOSS) PER SHARE

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

	Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024 (unaudited)	2025
Earnings for the year/period					
Profit (loss) for the year/period attributable to owners of the Company for the purpose of basic earnings (loss) per share (RMB'000)	<u>117,890</u>	<u>154,725</u>	<u>55,854</u>	<u>(4)</u>	<u>51,737</u>
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share ('000)	<u>360,000</u>	<u>360,000</u>	<u>362,095</u>	<u>360,000</u>	<u>365,854</u>

No diluted earnings (loss) per share during the Track Record Period were presented as there were no potential ordinary shares in issue for the periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structure RMB'000	Mine structure RMB'000	Mine site infrastructure RMB'000	Office equipment, electronic and other devices RMB'000	Transportatio n vehicles RMB'000	Machinery and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2022	176,443	252,831	141,867	3,125	3,224	46,108	98,870	722,468
Additions	-	-	12	186	1,203	132	79,286	80,819
Transfer	38,344	470	-	-	-	-	(38,814)	-
Disposals	-	-	-	-	(306)	(44)	-	(350)
At 31 December 2022	214,787	253,301	141,879	3,311	4,121	46,196	139,342	802,937
Additions	-	317	184	274	1,851	1,373	163,780	167,779
Transfer	7,296	-	-	-	-	-	(7,296)	-
Disposals	-	-	-	-	(722)	(562)	-	(1,284)
At 31 December 2023	222,083	253,618	142,063	3,585	5,250	47,007	295,826	969,432
Additions	-	-	-	5	-	275	87,652	87,932
Disposals	-	-	-	-	(100)	-	-	(100)
At 31 December 2024	222,083	253,618	142,063	3,590	5,150	47,282	383,478	1,057,264
Additions	-	-	-	-	1,442	-	54,649	56,091
Transfer	-	128,262	5,305	3,679	386	248	(137,880)	-
Transfer from exploration and evaluation assets (Note 18)	-	53,641	-	-	-	-	-	53,641
Effect on revision of environmental rehabilitation and restoration plan (Note 30)	-	(2,532)	-	-	-	-	-	(2,532)
At 31 July 2025	222,083	432,989	147,368	7,269	6,978	47,530	300,247	1,164,464
ACCUMULATED DEPRECIATION								
At 1 January 2022	64,229	127,326	67,764	2,371	1,864	36,407	-	299,961
Charge for the year	8,453	27,944	12,676	229	596	1,306	-	51,204
Disposals	-	-	-	-	(151)	(1)	-	(152)
At 31 December 2022	72,682	155,270	80,440	2,600	2,309	37,712	-	351,013
Charge for the year	8,511	28,315	12,965	185	783	1,323	-	52,082
Disposals	-	-	-	-	(668)	(382)	-	(1,050)
At 31 December 2023	81,193	183,585	93,405	2,785	2,424	38,653	-	402,045
Charge for the year	8,741	13,433	10,120	200	784	1,344	-	34,622
Disposals	-	-	-	-	(95)	-	-	(95)
At 31 December 2024	89,934	197,018	103,525	2,985	3,113	39,997	-	436,572
Charge for the period	5,094	9,166	5,885	220	513	748	-	21,626
At 31 July 2025	95,028	206,184	109,410	3,205	3,626	40,745	-	458,198
CARRYING AMOUNT								
At 31 December 2022	142,105	98,031	61,439	711	1,812	8,484	139,342	451,924
At 31 December 2023	140,890	70,033	48,658	800	2,826	8,354	295,826	567,387
At 31 December 2024	132,149	56,600	38,538	605	2,037	7,285	383,478	620,692
At 31 July 2025	127,055	226,805	37,958	4,064	3,352	6,785	300,247	706,266

15. PROPERTY, PLANT AND EQUIPMENT - continued

The Group - continued

The above items of property, plant and equipment, except for mine structure and construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the followings:

Buildings and structure	20 - 40 years
Mine site infrastructure	5 - 20 years
Office equipment, electronic and other devices	5 years
Transportation vehicles	5 years
Machinery and other equipment	5 - 10 years

Depreciation of mine structure is provided using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine.

Depreciation of construction in progress, on the same basis as other property assets, commences when the assets are ready for their intended use and transfer to respective category.

As at 31 December 2024 and 31 July 2025, the Group pledged certain owned properties to secure certain bank facilities of the Group. Details of which are set out in Note 26.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, carrying amounts of RMB5,043,000, RMB11,970,000, RMB11,312,000 and RMB10,929,000, respectively, in respect of property certificates under which the Group is in the process of obtaining. The directors of the Company are of the opinion that the Group is entitled to occupy or use these properties in accordance with the relevant property purchase agreements during the Track Record Period.

The Company

Property, plant and equipment of the Company represents the office equipment, electronic and other devices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. RIGHT-OF-USE ASSETS

	The Group				The Company
	Leasehold lands RMB'000	Machineries RMB'000	Buildings RMB'000	Total RMB'000	Buildings RMB'000
CARRYING AMOUNT					
At 31 December 2022	10,433	5,672	139	16,244	70
At 31 December 2023	63,078	213	164	63,455	117
At 31 December 2024	61,112	312	80	61,504	56
At 31 July 2025	59,965	228	566	60,759	47
For the year ended 31 December 2022					
Depreciation charge	217	3,403	5	3,625	2
For the year ended 31 December 2023					
Depreciation charge	373	1,161	50	1,584	28
Capitalised in construction in progress	(143)	-	-	(143)	-
	230	1,161	50	1,441	28
For the year ended 31 December 2024					
Depreciation charge	1,966	96	50	2,112	27
Capitalised in construction in progress	(1,720)	-	-	(1,720)	-
	246	96	50	392	27
For the seven months ended 31 July 2025					
Depreciation charge	1,147	84	44	1,275	9
Capitalised in construction in progress	(1,003)	-	-	(1,003)	-
	144	84	44	272	9

	The Group					The Company				
	Year ended 31 December			Seven months ended 31 July		Year ended 31 December			Seven months ended 31 July	
	2022	2023	2024	2024	2025	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)					(unaudited)	
Expense relating to short-term leases	3,658	5,756	3,164	1,347	2,140	110	52	-	-	-
Total cash outflow for leases	8,409	35,428	27,030	10,740	2,140	130	77	7	7	-
Additions to right-of-use assets										
- Leasehold lands	-	53,018	-	-	-	-	-	-	-	-
- Leased machineries and buildings	9,219	315	195	-	530	72	75	-	-	-

16. RIGHT-OF-USE ASSETS - continued

For the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, the Group leases office, warehouses, machinery and vehicles for its operations. Lease contracts are entered into for fixed term of two to five years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 December 2023, the Group purchased a leasehold land in the PRC with remaining lease of 50 years for construction of tailing pond.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Group has obtained the land use right certificates except for certain of leasehold lands of the Group with a net book value of nil, RMB51,454,000, RMB49,734,000 and RMB48,731,000, respectively, in respect of land use right certificates under which the Group is in the process of obtaining.

As at 31 July 2025, the Group pledged certain of leasehold lands to secure certain bank borrowings of the Group. Details of which are set out in Note 26.

Depreciation is provided to write off the carrying amounts of right-of-use-assets over their estimated useful lives, using the straight-line method as follows:

Leasehold lands	30 - 50 years
Machineries	2 - 3 years
Buildings	5 years

Restrictions or covenants on leases

In addition, lease liabilities of RMB4,708,000, RMB413,000, RMB104,000 and RMB636,000 are recognised with related right-of-use assets of RMB5,811,000, RMB377,000, RMB392,000 and RMB794,000 as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INTANGIBLE ASSETS

		The Group		The Company
	Mining rights RMB'000	Software and others RMB'000	Total RMB'000	Software RMB'000
COST				
At 1 January 2022	515,719	198	515,917	20
Additions	-	557	557	53
At 31 December 2022, 2023 and 2024	515,719	755	516,474	73
Additions	-	408	408	408
Transfer from exploration and evaluation assets(Note 18)	89,805	-	89,805	-
At 31 July 2025	605,524	1,163	606,687	481
ACCUMULATED AMORTISATION				
At 1 January 2022	165,797	165	165,962	17
Charge for the year	9,680	67	9,747	4
At 31 December 2022	175,477	232	175,709	21
Charge for the year	14,402	73	14,475	11
At 31 December 2023	189,879	305	190,184	32
Charge for the year	9,550	67	9,617	10
At 31 December 2024	199,429	372	199,801	42
Charge for the period	6,858	42	6,900	11
At 31 July 2025	206,287	414	206,701	53
CARRYING AMOUNT				
At 31 December 2022	340,242	523	340,765	52
At 31 December 2023	325,840	450	326,290	41
At 31 December 2024	316,290	383	316,673	31
At 31 July 2025	399,237	749	399,986	428

Mining rights refer to the rights for conducting mining activities at Mengya'a Mine in Jiali County, Nagqu, Xizang, the PRC obtained by the Group.

Mining rights are depreciated using the unit-of-production method based on the actual production volume over the estimated total proven and probable reserves of the ore mines.

As at 31 December 2024 and 31 July 2025, the Group pledged certain owned mining rights to secure its bank facilities. Details of which are set out in Note 26.

18. EXPLORATION AND EVALUATION ASSETS

The Group

	<u>RMB'000</u>
COST	
At 1 January 2022	140,456
Additions	4,355
	<u>144,811</u>
At 31 December 2022	144,811
Additions	1,884
	<u>146,695</u>
At 31 December 2023	146,695
Additions	3,418
	<u>150,113</u>
At 31 December 2024	150,113
Additions	829
Transfer to mining rights(Note 17)	(89,805)
Transfer to property,plant and equipment(Note 15)	(53,641)
	<u>7,496</u>
At 31 July 2025	<u>7,496</u>

The Group's exploration and evaluation assets represent cost incurred to acquire an exploration licence at Mengya'a Mine, expenditures incurred during topographical and geological surveys, exploratory drilling, sampling and trenching and construction and other costs incurred for commercial and technical feasibility studies in that area. During the seven months ended 31 July 2025, following the confirmation of commercially viable ore reserves in certain area under the exploration licence at Mengya'a Mine with a mining right granted, the relevant intangible component of the exploration and evaluation assets was reclassified to mining rights. Besides, the mine structure related to the ore reserve completed was also transferred to property, plant and equipment. As at 31 July 2025, the Group continued an infill and validation programme in the area of its exploration right aiming to upgrade the defined resource categories and to validate the historical exploration results which substantiates no indication of impairment existed.

19. AMOUNTS DUE FROM/TO SUBSIDIARIES

Save as non-trade, unsecured and interest-free amounts due from subsidiaries of RMB485,604,000 payable in 2024, the Company's other balances with subsidiaries are non-trade nature, unsecured, non-interest bearing and have no fixed repayment term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	11,413	11,271	8,437	7,315
Deferred tax liabilities	(55,008)	(52,733)	(51,271)	(50,090)
	<u>(43,595)</u>	<u>(41,462)</u>	<u>(42,834)</u>	<u>(42,775)</u>

The followings are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Fair value adjustment arising from acquisition of Huaxia Mining RMB'000	Unpaid mining right granting fees RMB'000	Provisions for environmental rehabilitation and restoration costs RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	(56,618)	7,496	1,757	-	-	-	831	(46,534)
Credit (charge) to profit or loss	1,610	1,243	(285)	(863)	698	-	536	2,939
At 31 December 2022	(55,008)	8,739	1,472	(863)	698	-	1,367	(43,595)
Credit (charge) to profit or loss	2,319	349	(81)	816	(646)	-	(624)	2,133
At 31 December 2023	(52,689)	9,088	1,391	(47)	52	-	743	(41,462)
Credit (charge) to profit or loss	1,591	(2,327)	59	(7)	(43)	-	(645)	(1,372)
At 31 December 2024	(51,098)	6,761	1,450	(54)	9	-	98	(42,834)
Credit (charge) to profit or loss	1,121	(1,835)	(355)	(31)	48	1,192	(81)	59
At 31 July 2025	<u>(49,977)</u>	<u>4,926</u>	<u>1,095</u>	<u>(85)</u>	<u>57</u>	<u>1,192</u>	<u>17</u>	<u>(42,775)</u>

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Group had unused tax losses of RMB1,682,000, RMB2,318,000, RMB 2,668,000 and RMB14,000,000, under PRC EIT, respectively, available to offset against future profits. A deferred tax asset has been recognised in respect of approximately nil, nil, nil and RMB11,018,000, respectively, as at 31 December 2022, 2023, 2024 and 2022 and 31 July 2025. No deferred tax asset has been recognised in respect of the remaining RMB1,682,000, RMB2,318,000, RMB 2,668,000 and RMB2,982,000 as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, due to the unpredictability of future profit streams. The unrecognised tax losses of the Group with expiry dates as disclosed in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. DEFERRED TAXATION - continued

The Group - continued

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
2024	40	40	-	-
2025	366	366	366	366
2026	601	601	601	601
2027	675	675	675	675
2028	-	636	636	636
2029	-	-	390	390
2030	-	-	-	314
	<u>1,682</u>	<u>2,318</u>	<u>2,668</u>	<u>2,982</u>

The Company

The Company's net deferred tax liabilities/assets at the end of each reporting periods mainly represent taxable temporary differences arising from lease and tax losses.

21. INVENTORIES

The Group

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Consumables	15,334	13,175	15,568	20,517
Work in process	38,295	42,470	44,905	56,465
Finished goods	773	-	218	7,796
	<u>54,402</u>	<u>55,645</u>	<u>60,691</u>	<u>84,778</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER RECEIVABLES AND PREPAYMENTS

	The Group				The Company			
	As at 31 December			As at 31 July	As at 31 December			As at 31 July
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments to suppliers	6,108	7,936	16,932	25,833	31	91	97	-
Prepayments for property, plant and equipment	18	649	73	73	-	-	-	-
Deposits	363	363	-	23	30	-	-	-
Value-added tax recoverable	225	484	630	1,467	27	1	-	469
Deferred issue costs	-	-	3,407	18,519	-	-	3,407	18,519
Interest receivables	-	494	2,088	1,491	-	198	779	1,116
Other receivables	156	205	235	674	8	14	18	28
	<u>6,870</u>	<u>10,131</u>	<u>23,365</u>	<u>48,080</u>	<u>96</u>	<u>304</u>	<u>4,301</u>	<u>20,132</u>
Less: Prepayments for property, plant and equipment and deposits classified as non-current assets	<u>(381)</u>	<u>(1,012)</u>	<u>(73)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Portion classified as current assets	<u>6,489</u>	<u>9,119</u>	<u>23,292</u>	<u>47,984</u>	<u>96</u>	<u>304</u>	<u>4,301</u>	<u>20,132</u>

The Group does not hold any collateral over deposits and other receivables. Details of the impairment assessment of deposits and other receivables are set out in Note 36.

23. AMOUNTS DUE FROM/ TO RELATED PARTIES

The balances of the Group and the Company are non-trade nature, unsecured, non-interest bearing, and repayable on demand.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's balances as at 31 December 2022 and 2023 represent wealth management products issued by banks subscribed by the Group with no guaranteed principal and return, depending on the performance of the underlying financial investments or the change in exchange rates as specified in the relevant placements. These wealth management products can be redeemable on demand or in a short term.

25. RESTRICTED TIME DEPOSITS, TIME DEPOSITS, BANK BALANCES

The Group and the Company

Time deposits are placed with banks with original maturity from three months to three years and those with maturity more than one year at the end of the reporting periods are classified as non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RESTRICTED TIME DEPOSITS, TIME DEPOSITS, BANK BALANCES - continued

The Group and the Company - continued

As at 31 December 2023 and 2024, the restricted time deposits are used for securing bank facilities.

The interest rates of the Group's and the Company's restricted time deposits, time deposits and bank balances at the end of each reporting periods are as follows:

	<u>As at 31 December</u>			<u>As at 31 July</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
The Group				
- Time deposits	N/A	2.90%	2.00%-2.90%	2.00%-2.90%
- Restricted time deposits	N/A	2.90%	2.90%	N/A
- Bank balances	0.25%	0.20%	0.10%	0.05%
The Company				
- Time deposits	N/A	2.90%	2.90%	2.90%
- Bank balances	0.25%	0.20%	0.10%	0.05%

Details of the impairment assessment of restricted time deposits, time deposits and bank balances are set out in Note 36.

26. BANK BORROWINGS

The Group

	<u>As at 31 December</u>			<u>As at 31 July</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings:				
- Secured and unguaranteed borrowings	-	-	40,000	30,000
- Secured and guaranteed borrowings (Note)	-	-	21,675	63,974
- Unsecured and unguaranteed borrowings	-	3,000	3,000	-
	-	3,000	64,675	93,974
Less: amount classified as current liabilities	-	(3,000)	(64,675)	(67,974)
Portion classified as non-current liabilities	-	-	-	26,000

Note: As at 31 December 2024 and 31 July 2025, the bank borrowings of RMB21,675,000 and RMB63,974,000 were secured by the mining rights and guaranteed by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. BANK BORROWINGS - continued

The Group - continued

The Group's following secured bank borrowings are pledged by the following assets:

	As at 31 December			As at 31 July
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment (Note 15)	-	-	6,802	71,534
Leasehold lands in right-of-use assets (Note 16)	-	-	-	10,622
Mining rights (Note 17)	-	-	316,290	399,237
Restricted time deposits (Note 25)	-	-	30,000	-
	-	-	353,092	481,393

The ranges of effective interest rate of the Group's bank borrowings are:

	As at 31 December			As at 31 July
	2022	2023	2024	2025
Effective interest rate per annum:				
- Fixed-rate borrowings	N/A	1.55%	1.10%-1.45%	1.10%-1.35%

27. TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2022	2023	2024	31 July	2022	2023	2024	31 July
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	37,432	7,030	17,775	46,950	3,793	5	5	77
Salaries and wages payables	7,523	6,401	6,350	5,626	745	1,442	1,879	1,378
Payable for acquisition of property, plant and equipment	65,334	114,872	94,648	91,902	-	-	-	-
Mining rights granting fees payable (Note (a))	58,258	60,589	45,071	32,838	-	-	-	-
Payable for acquisition of right-of-use assets for land	-	23,396	-	-	-	-	-	-
Other tax payables	32,090	9,823	3,625	11,704	2,697	3,189	376	-
Deposits from suppliers	9,242	9,086	6,386	9,531	-	-	-	-
Accrued shares issued costs	-	-	1,070	1,289	-	-	1,070	1,289
Refundable receipts (Note (b))	663	6,933	69,348	-	663	6,933	8,240	-
Others	1,225	64	64	194	57	1	2	3
	174,335	231,164	226,562	153,084	4,162	11,565	11,567	2,670
	211,767	238,194	244,337	200,034	7,955	11,570	11,572	2,747
Less: Mining rights granting fees payable classified as non-current liabilities (Note(a))	-	(48,548)	(34,587)	(24,877)	-	-	-	-
Portion classified as current liabilities	211,767	189,646	209,750	175,157	7,955	11,570	11,572	2,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE AND OTHER PAYABLES - continued

Notes:

- (a) Based on the prevailing rules and regulations for the grant of mining rights, the Group accrued and paid fees (recognised as expenses) for mining rights granted by the relevant PRC bureau based on certain percentage of revenue from sales of nonferrous metal concentrates for entire life. According to Mining Right Transfer Proceeds Collection Measures (Cai Zong [2023] No. 10) (《礦業權出讓收益徵收辦法》(財綜〔2023〕10號)) issued in March 2023, the settlement of the Group's mining rights granting fees payable of RMB58,258,000 as at 30 April 2023 was permitted to be extended to next six equal annual instalments from 30 June 2024 to 30 June 2029. At inception, the mining rights granting fees payable were discounted at appropriate rate of 4.30% for the extension of repayment, and a gain of RMB8,207,000 was recognised upon revision of the payment terms on 30 April 2024 while interest expense on the extended mining rights granting fees payable was also recognised over six years.
- (b) The amounts are received from customers for purchases of the Group's products and are refundable. At the date of this report, these amounts were fully refunded to customers.

The credit period granted by suppliers up to 15-60 days.

The following is an aged analysis of trade payables of the Group and of the Company presented based on the invoice date at the end of each reporting periods:

The Group

	As at 31 December			As at 31 July
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	29,068	766	15,366	34,764
31 - 60 days	754	676	70	7,465
61 - 90 days	489	226	-	888
Over 90 days	7,121	5,362	2,339	3,833
	<u>37,432</u>	<u>7,030</u>	<u>17,775</u>	<u>46,950</u>

The Company

	As at 31 December			As at 31 July
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	3,793	5	5	77
31 - 60 days	-	-	-	-
61 - 90 days	-	-	-	-
Over 90 days	-	-	-	-
	<u>3,793</u>	<u>5</u>	<u>5</u>	<u>77</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 July
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of nonferrous metal concentrates	295	4,133	25,361	44,217

The Company

	As at 31 December			As at 31 July
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of nonferrous metal concentrates	50	4,133	3,456	13,051

As at 1 January, 2022, the Group's and the Company's contract liabilities amounted to approximately RMB17,980,000 and RMB1,423,000, respectively.

The significant increase in the Group's contract liabilities as at 31 December 2024 and 31 July 2025 was mainly due to the increase in advances from customers resulting from the increasing market demand of nonferrous metal concentrates.

Contract liabilities represent the full payments in the advances from customers in respect of contracts for sales of nonferrous metal concentrates contracts and relevant contract liabilities are recognised as revenue when the control over the goods were transferred to the customers. All the contract liabilities are utilised/expected to be utilised within one year.

29. LEASE LIABILITIES

	The Group				The Company			
	As at 31 December			As at 31 July	As at 31 December			As at 31 July
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:								
- Within one year	4,660	368	73	340	48	79	47	48
- Within a period of more than one year but not more than two years	-	-	-	280	24	14	15	15
- Within a period of more than two years but less than five years	48	45	31	16	-	31	16	16
	4,708	413	104	636	72	124	78	79
Less: Amount due for settlement within 12 months shown under current liabilities	(4,660)	(368)	(73)	(340)	(48)	(79)	(47)	(48)
Amount due for settlement after 12 months shown under non-current liabilities	48	45	31	296	24	45	31	31

The weighted average incremental borrowing rates applied to lease liabilities is 3.85% to 4.60% during the Track Record Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. PROVISIONS

The Group

Pursuant to the regulations of the governmental authorities in the places where the mines are located, the Group recognises provisions for environmental rehabilitation and restoration costs for its mines. The amount of provisions is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation and restoration. The management will update the estimation basis annually.

	<u>As at 31 December</u>			<u>As at 31 July</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	11,715	9,812	9,272	9,669
Effect on revision of environmental rehabilitation and restoration plan(Note 15)	-	317	-	(2,532)
Unwinding of discount (Note 9)	545	451	397	166
Utilisation of provision	(2,448)	(1,308)	-	-
At the end of the year/period	9,812	9,272	9,669	7,303
Less: Portion classified as current liabilities	(1,250)	-	(1,317)	(1,220)
Non-current portion	<u>8,562</u>	<u>9,272</u>	<u>8,352</u>	<u>6,083</u>

31. SHARE CAPITAL AND RESERVES OF THE COMPANY

Share capital of Company:

	<u>Number of shares</u> 000	<u>Share capital</u> RMB'000
Ordinary share of RMB1 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	360,000	360,000
Issue of new shares (Note)	5,854	5,854
At 31 December 2024 and 31 July 2025	<u>365,854</u>	<u>365,854</u>
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	360,000	360,000
Issue of new shares (Note)	5,854	5,854
At 31 December 2024 and 31 July 2025	<u>365,854</u>	<u>365,854</u>

31. SHARE CAPITAL AND RESERVES OF THE COMPANY - continued

Share capital of Company: - continued

Note: On 6 August 2024, the Company passed a shareholders' resolution approving an increase of registered capital to RMB365,853,659 by Zhihui Partnership, whose partners include Ms. He (as general and executive partner) and certain senior management and employees of the Group (as limited partners), which is an employee shareholding platform controlled by Ms. He. Since Ms. He is the Chairman and one of the ultimate controlling parties of the Company, Zhihui Partnership is a related party of the Company. On 12 August 2024, the Company entered into a capital increase agreement with Zhihui Partnership, pursuant to which Zhihui Partnership agreed to subscribe for additional registered capital of RMB5,853,659 at a consideration of RMB20,575,278, as determined with reference to an independent valuation report and, save as aforesaid, both the Company and Zhihui Partnership have no other rights and obligations. The consideration in excess of the nominal value of the ordinary share of the Company amounting to RMB14,721,619 was credited to the capital reserve of the Company. The cash consideration was received by the Company on 23 August 2024. Since then, Zhihui Partnership also became a shareholder of the Company.

Reserves of the Company:

	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2022	315,251	10,820	108,006	434,077
Profit and total comprehensive income for the year	-	-	16,747	16,747
Transfer to statutory reserve	-	1,675	(1,675)	-
Dividends recognised as distribution (Note 13)	-	-	(30,000)	(30,000)
As at 31 December 2022	315,251	12,495	93,078	420,824
Profit and total comprehensive income for the year	-	-	16,365	16,365
Transfer to statutory reserve	-	1,636	(1,636)	-
Dividends recognised as distribution (Note 13)	-	-	(50,000)	(50,000)
As at 31 December 2023	315,251	14,131	57,807	387,189
Profit and total comprehensive income for the year	-	-	3,129	3,129
Issue of new shares	14,721	-	-	14,721
Transfer to statutory reserve	-	313	(313)	-
As at 31 December 2024	329,972	14,444	60,623	405,039
Loss and total comprehensive expense for the period	-	-	(7,555)	(7,555)
As at 31 July 2025	329,972	14,444	53,068	397,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. RETIREMENT BENEFIT PLANS

The employees of the Company and its PRC subsidiaries are members of a state-managed defined contribution retirement scheme operated by the PRC Government. Their employees are required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB2,840,000, RMB3,278,000, RMB3,232,000, RMB1,829,000 (unaudited) and RMB 1,926,000 for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025, respectively, representing contributions paid to the retirement benefit scheme by the Group.

33. CAPITAL COMMITMENTS

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>247,794</u>	<u>154,253</u>	<u>78,353</u>	<u>75,424</u>

34. RELATED PARTIES DISCLOSURES

Apart from disclosures elsewhere in the consolidated financial statements, the Group also entered into the following transactions with related parties during the Track Record Period:

Remuneration of key management personnel

The remuneration of key management personnel of the Group during the Track Record Period was as follows:

	Year ended 31 December			Seven months ended 31 July	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and allowance	5,697	5,829	6,085	2,102	2,710
Performance-based bonuses	277	957	1,044	405	501
Retirement benefits	60	76	94	28	40
	<u>6,034</u>	<u>6,862</u>	<u>7,223</u>	<u>2,535</u>	<u>3,251</u>

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (which includes bank borrowings, lease liabilities, net of bank balances) and equity attributable to owners of the Company (comprising share capital and reserves).

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares, new debts or the redemption of existing debts.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At FVTPL	100,417	30,780	-	-
At amortised cost	<u>43,293</u>	<u>82,374</u>	<u>214,545</u>	<u>195,620</u>
Financial liabilities				
At amortised cost	<u>172,155</u>	<u>224,973</u>	<u>297,970</u>	<u>275,389</u>

The Company

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
At amortised cost	<u>686,406</u>	<u>604,206</u>	<u>306,218</u>	<u>283,278</u>
Financial liabilities				
At amortised cost	<u>375,936</u>	<u>322,115</u>	<u>8,294</u>	<u>80</u>

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies

The Group's and Company's financial instruments include financial assets at FVTPL, bank balances, deposits, interest and other receivables, restricted time deposits, time deposits, amounts due from a related party/subsidiaries, bank borrowings, trade and other payables, amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate time deposits and restricted time deposits, and fixed-rate bank borrowings and lease liabilities.

The fair value interest rate risk on the financial assets at FVTPL is limited because the periods of these investment products are short.

The management of the Company considers that the overall interest rate risk expose to the Group and the Company is not significant and no sensitivity analysis is presented for the Group and the Company.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to bank balances, time deposits, restricted time deposits, amounts due from a related party/subsidiaries, deposits, interest and other receivables. The Group and the Company do not hold any collateral or other credit enhancements to cover the credit risk associated with their financial assets. The expected credit loss rate for financial assets measured at amortised cost are assessed to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

For individual assessment of ECL of the Group's and the Company's financial assets, the Group's internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>	<u>Trade receivables</u>	<u>Other financial assets</u>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full.	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's and the Company's financial assets as at 31 December 2022, 2023 and 2024 and 31 July 2025, which are subject to ECL assessment:

The Group

	<u>Notes</u>	<u>External credit rating</u>	<u>Internal credit rating</u>	<u>12m or Lifetime ECL</u>	<u>Gross carrying amount</u>			
					<u>As at 31 December</u>			<u>As at 31 July 2025</u>
					<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
					RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost								
Deposits, interest and other receivables	22	N/A	Low Risk	12m ECL (not credit-impaired)	519	1,062	2,323	2,188
Amounts due from a related party/ subsidiaries	23/19	N/A	Low Risk	12m ECL (not credit-impaired)	504	504	-	-
Time deposits	25	Baa1 - Baa3	Low Risk	12m ECL (not credit-impaired)	-	20,000	40,000	40,000
Restricted time deposits	25	Baa1	Low Risk	12m ECL (not credit-impaired)	-	30,000	30,000	-
Bank balances	25	Baa1 - Baa3	Low Risk	12m ECL (not credit-impaired)	42,270	30,808	142,222	153,432
					<u>43,293</u>	<u>82,374</u>	<u>214,545</u>	<u>195,620</u>

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued**The Company**

	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	Gross carrying amount			
					As at 31 December			As at 31 July
					2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Financial assets at amortised cost								
Deposits, interest and other receivables	22	N/A	Low Risk	12m ECL (not credit- impaired)	38	212	797	1,144
Amounts due from a related party/ subsidiaries	23/19	N/A	Low Risk	12m ECL (not credit- impaired)	681,377	583,011	261,579	239,794
Time deposits	25	Baa1- Baa3	Low Risk	12m ECL (not credit- impaired)	-	20,000	20,000	20,000
Restricted time deposits	25	Baa1	Low Risk	12m ECL (not credit- impaired)	-	-	-	-
Bank balances	25	Baa1- Baa3	Low Risk	12m ECL (not credit- impaired)	4,991	983	23,842	22,340
					<u>686,406</u>	<u>604,206</u>	<u>306,218</u>	<u>283,278</u>

Deposits, interest and other receivables

In determining the ECL for deposits, interest and other receivables of the Group and the Company, the management of the Company has taken into account the historical default experience and forward-looking information, as appropriate. The management of the Company has assessed that the deposits, interest and other receivables have not had significant increases in credit risk since initial recognition and risk of default is insignificant, and therefore, no ECL has been provided.

Amounts due from a related party/subsidiaries

The management of the Company considers the credit risk of amounts due from a related party/subsidiaries of the Group and the Company are not material based on the repayment history. Besides, the management of the Company is able to access to the financial information of the subsidiaries which have strong financial position. Thus, management of the Company considers the risk of ECL being insignificant and no ECL, therefore, is provided.

Time deposits, restricted time deposits and bank balances

The credit risk on time deposits, restricted time deposits and bank balances of the Group and the Company are limited because the counterparties are reputational banks with high credit ratings internationally/locally and no ECL, therefore, is provided.

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Group had net current liabilities of approximately RMB48,973,000, RMB97,840,000, RMB79,150,000 and RMB 8,734,000. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis because the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, taking into account of the expected cash flows from operations, its financial assets (including restricted time deposits, time deposits, bank balances) and bank borrowings (Note 26) and undrawn facilities currently available to the Group that are expected to be extendable when due upon requests of the Group based on current negotiation with these banks.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

The Group

	Weighted average of interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2022							
Financial liabilities							
Trade and other payables	N/A	172,154	-	-	-	172,154	172,154
Amounts due to related parties	N/A	1	-	-	-	1	1
Lease liabilities	4.40%	4,803	50	-	-	4,853	4,708
Total		176,958	50	-	-	177,008	176,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued**The Group** - continued

	Weighted average of <u>interest rate</u>	On demand or within <u>1 year</u> RMB'000	Over 1 year but within <u>2 years</u> RMB'000	Over 2 years but within <u>3 years</u> RMB'000	Over <u>3 years</u> RMB'000	Total undiscounted <u>cash flows</u> RMB'000	Carrying <u>amount</u> RMB'000
As at 31 December 2023							
Financial liabilities							
Trade and other payables	Nil/4.30%	180,061	9,710	9,710	29,128	228,609	221,970
Amounts due to related parties	N/A	3	-	-	-	3	3
Bank borrowings	1.55%	3,008	-	-	-	3,008	3,000
Lease liabilities	4.32%	372	16	16	16	420	413
Total		183,444	9,726	9,726	29,144	232,040	225,386
As at 31 December 2024							
Financial liabilities							
Trade and other payables	Nil/4.30%	202,579	9,710	9,710	15,167	237,166	233,292
Amounts due to related parties	N/A	3	-	-	-	3	3
Bank borrowings	1.26%	64,918	-	-	-	64,918	64,675
Lease liabilities	4.24%	75	16	16	-	107	104
Total		267,575	9,726	9,726	15,167	302,194	298,074
As at 31 July 2025							
Financial liabilities							
Trade and other payables	Nil/4.30%	163,177	9,710	9,710	5,457	188,054	181,415
Bank borrowings	1.25%	68,070	6,131	20,678	-	94,879	93,974
Lease liabilities	4.06%	615	16	16	-	647	636
Total		231,862	15,857	30,404	5,457	283,580	276,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued**The Company**

	Weighted average of interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2022							
Financial liabilities							
Trade and other payables	N/A	4,513	-	-	-	4,513	4,513
Amounts due to subsidiaries	N/A	203,517	167,906	-	-	371,423	371,423
Lease liabilities	4.40%	50	25	-	-	75	72
Total		208,080	167,931	-	-	376,011	376,008

	Weighted average of interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2023							
Financial liabilities							
Trade and other payables	N/A	6,939	-	-	-	6,939	6,939
Amounts due to related parties	N/A	2	-	-	-	2	2
Amounts due to subsidiaries	N/A	315,174	-	-	-	315,174	315,174
Lease liabilities	4.32%	82	16	16	16	130	124
Total		322,197	16	16	16	322,245	322,239

	Weighted average of interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2024							
Financial liabilities							
Trade and other payables	N/A	8,247	-	-	-	8,247	8,247
Amounts due to related parties	N/A	2	-	-	-	2	2
Amounts due to subsidiaries	N/A	45	-	-	-	45	45
Lease liabilities	4.24%	49	16	16	-	81	78
Total		8,343	16	16	-	8,375	8,372

	Weighted average of interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 July 2025							
Financial liabilities							
Trade and other payables	N/A	80	-	-	-	80	80
Lease liabilities	4.24%	49	16	16	-	81	79
Total		129	16	16	-	161	159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS - continued

(c) Fair value measurement of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purpose. In estimating the fair value, the Group used market-observable data to the extent that is available.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December			31 July		
	2022	2023	2024	2025		
	RMB'000	RMB'000	RMB'000	RMB'000		
Wealth management products issued by banks classified as financial assets at FVTPL	100,417	30,780	-	-	Level 2	Quoted value provided by financial institution Discounted cash flows - future cash flows are estimated based on estimated return, and discounted at a rate that reflects the credit risks of various counterparties.

Fair value of the Group's and the Company's financial assets that are not measured at fair value on a recurring basis

The directors of the Company consider that the Group's and the Company's carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Accrued shares issued costs RMB'000	Bank borrowings RMB'000	Dividend payable RMB'000	Amounts due to related parties RMB'000	Total RMB'000
At 1 January 2022	-	-	100,000	-	1	100,001
Financing cash flows	(4,751)	-	(101,001)	(30,000)	-	(135,752)
Dividend declared	-	-	-	30,000	-	30,000
Interest recognised	240	-	1,001	-	-	1,241
New leases entered	9,219	-	-	-	-	9,219
At 31 December 2022	4,708	-	-	-	1	4,709
Financing cash flows	(50)	-	2,983	(50,000)	2	(47,065)
Dividend declared	-	-	-	50,000	-	50,000
Interest recognised	143	-	17	-	-	160
New lease entered	315	-	-	-	-	315
Lease termination	(4,703)	-	-	-	-	(4,703)
At 31 December 2023	413	-	3,000	-	3	3,416
Financing cash flows	(470)	(2,377)	61,165	-	-	58,318
Interest recognised	4	-	510	-	-	514
New lease entered	195	-	-	-	-	195
Issue costs accrued	-	3,407	-	-	-	3,407
Net foreign exchange loss	-	40	-	-	-	40
Lease termination	(38)	-	-	-	-	(38)
At 31 December 2024	104	1,070	64,675	-	3	65,852
Financing cash flows	-	(15,071)	28,683	-	(3)	13,609
Interest recognised	2	-	616	-	-	618
New lease entered	530	-	-	-	-	530
Issue costs accrued	-	15,112	-	-	-	15,112
Net foreign exchange loss	-	178	-	-	-	178
At 31 July 2025	636	1,289	93,974	-	-	95,899
At 1 January 2024(audited)	413	-	3,000	-	3	3,416
Financing cash flows	(35)	-	39,576	-	-	39,541
Interest recognised	3	-	424	-	-	427
Lease termination	(38)	-	-	-	-	(38)
At 31 July 2024(unaudited)	343	-	43,000	-	3	43,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. INVESTMENTS IN SUBSIDIARIES/PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Investments in subsidiaries

The Company

	As at 31 December			As at 31 July
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Huaxia Mining	474,065	474,065	474,065	474,065
Zhijia Industrial	1,000	1,000	1,000	1,000
	<u>475,065</u>	<u>475,065</u>	<u>475,065</u>	<u>475,065</u>

PARTICULARS OF SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name of subsidiaries	Place and date of establishment/ incorporation	Issued and fully paid capital/ paid-up registered capital	Equity interest attributable to the Company				As at the date of this report	Principal activities
			As at 31 December			As at 31 July 2025		
			2022	2023	2024			
Directly held:								
Huaxia Mining (Note(b))	The PRC 10 May 2004	RMB70,000,000	100%	100%	100%	100%	100%	Mineral exploration, mining, production and sales of mineral products
Zhijia Industrial (Note(b))	The PRC 11 September 2019	RMB1,000,000	100%	100%	100%	100%	100%	Sales of mineral products
Zhihui Mining (Hong Kong) Limited.(Note(d))	Hong Kong 6 January 2025	HKD24,000,000	N/A	N/A	N/A	100%	100%	Sales of mineral products
Indirectly held:								
Xizang Huahai Mineral Co., Ltd.(西藏華海礦業有限公司) (Note(c))	The PRC 10 July 2019	RMB1,000,000	100%	100%	100%	100%	100%	Exploration, production and sales of mineral products
Xizang Huazhong Industrial Co., Ltd.(西藏華眾實業有限公司) (Note(c))	The PRC 17 December 2019	RMB10,000,000	100%	100%	100%	100%	100%	Sales of mineral products

Notes:

- (a) All the subsidiaries of the Company are limited liability companies. None of the subsidiaries had any debt securities outstanding as at 31 December 2022, 2023 and 2024 and 31 July 2025 or at any time during the Track Record Period.

38. INVESTMENTS IN SUBSIDIARIES/PARTICULARS OF SUBSIDIARIES OF THE COMPANY - continued

PARTICULARS OF SUBSIDIARIES OF THE COMPANY - continued

Notes: - continued

- (b) No statutory financial statements was required for these subsidiaries in the PRC since there are no statutory audit requirements in the PRC. The Group had engaged Zhejiang Yuehua Certified Public Accountants Co., Ltd.(浙江岳華會計師事務所有限公司), Certified Public Accountants registered in the PRC, to audit the financial statements of Huaxia Mining and Zhihua Industrial for the years ended 31 December 2022, 2023 and 2024 that were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprise.
- (c) No statutory financial statements was required for these subsidiaries in the PRC since there are no statutory audit requirements in the PRC.
- (d) No statutory financial statements was prepared for this subsidiary since it is newly incorporated and the financial statements have not yet been due to be issued.

39. MAJOR NON-CASH TRANSACTIONS

- (a) During the seven months ended 31 July 2025, the Group entered into a new lease agreement for the use of an office premise for 2 years. On the lease commencement, the Group recognised a right-of-use asset and a lease liability of RMB530,000 and RMB530,000, respectively.
- (b) During the seven months ended 31 July 2024, the Group terminated a lease agreement for the use of office premise with remaining 1 year. Upon termination of the lease, the Group derecognised a right-of-use asset and a lease liability of RMB34,000 and RMB38,000, respectively, and recognised a gain of RMB4,000 in "other gains or losses, net".
- (c) During the year ended 31 December 2024, the Group entered into a new lease agreement for the use of machineries for 3 years. On the lease commencement, the Group recognised a right-of-use asset and a lease liability of RMB195,000 and RMB195,000, respectively.

During the year ended 31 December 2024, the Group terminated a lease agreement for the use of office premise with remaining 1 year. Upon termination of the lease, the Group derecognised a right-of-use asset and a lease liability of RMB34,000 and RMB38,000, respectively, and recognised a gain of RMB4,000 in "other gains or losses, net".

39. MAJOR NON-CASH TRANSACTIONS - continued

- (d) During the year ended 31 December 2023, the Group entered into a new lease agreement for the use of an office premise for 3 years. On the lease commencement, the Group recognised a right-of-use asset and a lease liability of RMB315,000 and RMB315,000, respectively.

During the year ended 31 December 2023, the Group terminated lease agreements for the use of machineries with remaining 1 year. Upon termination of the leases, the Group derecognised right-of-use assets and lease liabilities of RMB4,537,000 and RMB4,703,000, respectively, and recognised a gain of RMB166,000 in "other gains or losses, net".

- (e) During the year ended 31 December 2022, the Group entered into new lease agreements for the use of office premises and machineries for 2-3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB9,219,000 and RMB9,219,000, respectively.

40. EVENTS AFTER REPORTING PERIOD

The Group has no significant event took place subsequent to 31 July 2025.
