



安徽金岩高嶺土新材料股份有限公司
ANHUI JINYAN KAOLIN NEW MATERIALS CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2693



2025
Annual Report

CONTENTS

Recognition and Awards	2
Corporate Information	3
Financial Highlight	5
Chairman’s Statement	6
Mineral Assets and Mining Rights	8
Management Discussion and Analysis	12
Biographies of Directors and Senior Management	23
Corporate Governance Report	31
Directors’ Report	51
Environmental, Social and Governance Report	75
Independent Auditor’s Report	121
Statement of Profit or Loss and Other Comprehensive Income	126
Statement of Financial Position	127
Statement of Changes in Equity	129
Statement of Cash Flows	130
Notes to Financial Statements	132
Definitions	203

Recognition and Awards

Award/Recognition	Awarding Institution/Authority	Award Year
High-tech Enterprise (高新技術企業)	Department of Science and Technology of Anhui Province, Anhui Provincial Department of Finance and Anhui Provincial Tax Service of the State Taxation Administration	2025
National Specialized and Innovative “Little Giant” Enterprise (國家級專精特新“小巨人”企業)	Ministry of Industry and Information Technology of the PRC	2025
Trademark Brand Demonstration Enterprise of Anhui Province (安徽省商標品牌示範企業)	Recommendation Committee of Trademark Brand Demonstration Enterprise of Anhui Province	2024
Standardization Demonstration Enterprises in the Field of Industry and Information Technology of Anhui Province (安徽省工業和信息化領域標準化示範企業)	Department of Industry and Information Technology of Anhui Province	2024
Single Champion of Manufacturing Enterprises of Anhui Province (安徽省製造業單項冠軍培育入庫企業)	Department of Industry and Information Technology of Anhui Province	2024
Anhui Excellence Product Model Enterprise (“皖美精品”示範企業)	Administration for Market Regulation of Anhui Province	2024
Anhui Industrial Excellence (安徽工業精品)	Department of Industry and Information Technology of Anhui Province	2023
Science and Technology Reform Model Enterprise in SOE Reform (國企改革“科改示範企業”)	SOE Reform Leading Group Office of the State Council	2022

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Kuang (張礦) (*Chairman of the Board*)
Ms. Wang Yuli (王玉麗)
Ms. Chen Yan (陳艷)

Non-executive Directors

Mr. Jiao Daojie (焦道傑)
Mr. Yang Chong (楊冲)
Mr. Li Zhuangzhi (李壯志)

Independent Non-executive Directors

Mr. Jiang Weidong (蔣衛東)
Mr. Li Chenhui (李晨輝)
Mr. Miao Guanghong (繆廣紅)
Mr. Chan Ngai Fan (陳毅奮)

JOINT COMPANY SECRETARIES

Mr. Wang Wei (王巍)
Ms. Sze Suet Ling (施雪玲) (resigned on 16 January 2026)
Ms. Mak Po Man Cherie (麥寶文) (ACG)
(appointed on 16 January 2026)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Kuang (張礦)
Ms. Sze Suet Ling (施雪玲) (resigned on 16 January 2026)
Ms. Mak Po Man Cherie (麥寶文) (ACG)
(appointed on 16 January 2026)

AUDIT AND RISK COMMITTEE

Mr. Jiang Weidong (蔣衛東) (*Chairman*)
Mr. Yang Chong (楊冲)
Mr. Chan Ngai Fan (陳毅奮)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Miao Guanghong (繆廣紅) (*Chairman*)
Mr. Jiang Weidong (蔣衛東)
Mr. Li Zhuangzhi (李壯志)

NOMINATION COMMITTEE

Mr. Li Chenhui (李晨輝) (*Chairman*)
Mr. Jiang Weidong (蔣衛東)
Ms. Wang Yuli (王玉麗)

STRATEGY AND INVESTMENT COMMITTEE

Mr. Zhang Kuang (張礦) (*Chairman*)
Mr. Li Chenhui (李晨輝)
Mr. Miao Guanghong (繆廣紅)

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

REGISTERED OFFICE

50 meters north of Shuobei Road
Shuoli Town, Duji District, Huaibei
Anhui Province, PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

50 meters north of Shuobei Road
Shuoli Town, Duji District, Huaibei
Anhui Province, PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of
China Huaibei Huitong Sub-branch
No. 159, Huili Road, Huaibei
Anhui Province, PRC

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Anhui Tianhe Law Firm
34-35/F, Tower A, Landmark Plaza
No. 288 Huaining Road
Shushan District
Hefei, Anhui Province, PRC

JOINT COMPLIANCE ADVISERS

Guoyuan Capital (Hong Kong) Limited

17/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Vast Harbour Corporate Finance Limited

(formerly known as Goldlink Capital
(Corporate Finance) Limited)
28/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

AUDITORS

Ernst & Young

Certified Public Accountant
Registered Public Interest Entity
Auditor under the Accounting and
Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPANY'S WEBSITE

www.grkaolin.com

STOCK CODE

2693

Financial Highlight

The following sets out a summary of the Company's results and assets and liabilities for the past four financial years¹:

RESULTS

	2025 (RMB in thousands)	Year ended 31 December		
		2024 (RMB in thousands)	2023 (RMB in thousands)	2022 (RMB in thousands)
REVENUE	272,081	267,142	204,687	190,366
PROFIT BEFORE TAX	44,416	59,490	50,001	26,603
Income tax expense	(5,587)	(6,888)	(6,384)	(2,180)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	38,829	52,602	43,617	24,423
Attributable to:				
Owners of the parent	38,829	52,602	43,617	24,423
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	0.52	0.72	0.60	0.43

ASSETS AND LIABILITIES

	2025 (RMB in thousands)	As of 31 December		
		2024 (RMB in thousands)	2023 (RMB in thousands)	2022 (RMB in thousands)
Total assets	1,064,053	926,715	739,003	580,140
Total liabilities	455,834	466,423	331,313	226,520
Net assets	608,219	460,292	407,690	353,620

¹ The Company was listed on the Main Board of the Stock Exchange on 3 December 2025.

Chairman's Statement



**Chairman:
Mr. Zhang Kuang**

Dear shareholders, investors and friends from all walks of life:

On behalf of the board of Directors and all employees of Anhui Jinyan Kaolin New Materials Co., Ltd., I would like to express my heartfelt gratitude and sincere respect to friends from all walks of life who have long cared for and supported the development of our Company.

The year 2025 was a milestone year for our Company. Facing a complex market situation, the Company focused on high-quality development, implemented the “655” annual goals, and delivered a substantial and encouraging performance. This year, we successfully passed the national high-tech enterprise re-evaluation and were recognized as a National-level Specialized and Innovative “Little Giant” Enterprise, continuously strengthening our core competitiveness. Most importantly, on 3 December 2025, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, marking a successful “double conclusion” to both the “14th Five-Year Plan” and the deepening and upgrading of state-owned enterprise reform.

With continuous breakthroughs in technological innovation, proactive guidance from industrial policies, and the rapid development of high-end manufacturing, the calcined kaolin industry is facing opportunities for structural upgrades. As of 2025, the market scale for deep-processed kaolin products in China is gradually expanding, with coal-based calcined kaolin accounting for nearly half of the market. Market concentration is gradually increasing, and the competitive barriers for leading enterprises are becoming increasingly prominent.

Chairman's Statement

We are a leading company in China's coal-based kaolin industry, possessing integrated capabilities across the entire value chain from mining, research and development, processing to production and sales. As a major producer of calcined kaolin products in China, our business relies on abundant and high-quality coal-based kaolin mineral resources. Our products mainly include precision casting mullite products and refractory mullite products, which are important materials for precision casting shells and refractory products. We also sell raw coke and raw powder, which customers can further process. Our Company's downstream industrial chain is extensive, with major application areas including automotive, aerospace, medical, general machinery, metallurgy, and building materials industries. In terms of domestic market position, our Company ranks among the top five in the overall coal-based calcined kaolin market; in a specific segment, our mullite materials for precision casting hold a nearly 20% national market share, ranking first in market share.

The year 2026 is the inaugural year of the "15th Five-Year Plan" and is also a crucial year for our Company to comprehensively deepen high-quality development and strive for strategic breakthroughs. The Company will firmly seize new development opportunities, adhere to the general principle of pursuing progress while maintaining stability and promoting stability through progress, strengthen strategic guidance and execution, vigorously advance the construction and effectiveness of major projects, continue to cultivate core businesses, accelerate innovation-driven growth and industrial upgrading, and forge a stronger growth engine through improving quality and efficiency. At the same time, our Company will always uphold its responsibilities and commitments to all shareholders, further optimize the governance system, enhance decision-making efficiency, comprehensively strengthen core competitiveness and sustainable development capabilities, and achieve a win-win and continuous growth in our value and shareholder interests.

The road is obstructed and long, but if we keep moving, we will reach our destination. The board of Directors and all employees of the Company will uphold a work style of being "rigorous, meticulous, pragmatic, and precise", strive for progress, remain diligent, and with even better operational performance, repay the trust and support of our shareholders, while joining hands with all sectors of society to jointly create a new blueprint for high-quality development!

Anhui Jinyan Kaolin New Materials Co., Ltd.

Mr. Zhang Kuang

Chairman and Executive Director

20 March 2026

Mineral Assets and Mining Rights

The Company's business is anchored by its abundant and high-quality mineral resources. In October 2021, the Company entered into an asset transfer agreement with Shuoli Mining, pursuant to which the Company acquired the Shuoli Kaolin Mine. Since 2021, the Company has fully owned the Shuoli Kaolin Mine in Huaibei City, Anhui Province, which is renowned for its rich coal-series kaolin resources. As confirmed by internal experts of the Company, as at 31 December 2025, the Shuoli Kaolin Mine possesses total estimated Mineral Resources of approximately 18,415 kt, comprising 2,133 kt of Measured Resources, 8,990 kt of Indicated Resources and 7,292 kt of Inferred Resources, and total estimated Ore Reserves of approximately 5,858 kt, comprising 889 kt of Proved Reserves and 4,969 kt of Probable Reserves. As at 31 December 2025, at the annual production volume of 400,000 tonnes, the remaining life of mine ("LoM") of the Shuoli Kaolin Mine was estimated to be approximately 15 years.

Mineral Resource and Ore Reserve

The Mineral Resource of the Shuoli Kaolin Mine has been classified as Measured, Indicated and Inferred according to increasing degrees of confidence in the geological continuity, sample density, data quality, surface mapping and drilling spacing; and geological modeling was conducted based on topographic and geological mapping and results of the drilling programs.

The following table sets forth a summary of the Mineral Resource estimate of the Shuoli Kaolin Mine as at 31 December 2025, and reported in accordance with the JORC Code:

Type of Mineral Resources	Tonnes (kt)	Al ₂ O ₃ (%)	Al ₂ O ₃ Material (kt)	SiO ₂ (%)	SiO ₂ Material (kt)
Measured	2,133	40.35	861	42.83	914
Indicated	8,990	40.28	3,621	41.13	3,698
Measured and Indicated	11,123	40.29	4,482	41.49	4,612
Inferred	7,292	40.30	2,939	41.58	3,032
Total/Overall	18,415	40.30	7,422	41.52	7,644

Notes:

- Any differences between totals and sum of components are due to rounding.
- A 0.7m minimum thickness was applied to the resource block model.
- The models are reported for domains with a thickness greater than 0.7m, which is the minimum mineable thickness using the current mining method (longwall mining).
- Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Mineral Assets and Mining Rights

5. Mineral Resources are reported inclusive of Ore Reserves.
6. The Mineral Resources are effective as at 31 December 2025.
7. The data has been confirmed by the Company's internal experts.

The following table sets forth a summary of the Ore Reserve estimate of the Company's Shuoli Kaolin Mine as at 31 December 2025, and reported in accordance with the JORC Code:

Type of Mineral Resources	Ore Reserve (kt)	Al ₂ O ₃ (%)	Fe ₂ O ₃ (%)	TiO ₂ (%)
Proved	889	38.9	0.66	0.51
Probable	4,969	37.9	1.08	0.49
Total	5,858	38.1	1.00	0.49

Notes:

1. Any differences between totals and sum of components are due to rounding.
2. Cut-offs for ROM to define between ore and waste are Al₂O₃≥30%, Fe₂O₃≤2%, and TiO₂≤0.6%.
3. The minimum mining cutting height is 2m.
4. The Ore Reserves are reported on a metric kilotons basis.
5. The Ore Reserves are reported at the reference point (ROM material as received at the processing plant).
6. The reported reserves or Ore Reserves are inclusive of Mineral Resources.
7. The Mineral Resources are effective as at 31 December 2025.
8. The data has been confirmed by the Company's internal experts.

There had been no material change to the Mineral Resource and Ore Reserve estimates of the Company's Shuoli Kaolin Mine since the Listing Date and up to the Latest Practicable Date.

Mineral Assets and Mining Rights

Mining License

Under the relevant PRC mineral laws and regulations, all mineral resources in China are owned by the State. Mining companies are required to obtain mining and exploration permits prior to undertaking any mining or exploration activities. The mining and exploration permits are limited to a specific geographic area and a certain time period. Mining enterprises that have, in accordance with the current Mineral Resources Law, applied for and obtained the mining right and are conducting exploration within the designated mining area for the purpose of their own production are not required to separately make an application and registration for the right of exploration. On 8 November 2024, the new Mineral Resources Law of the People's Republic of China (the "**New Mineral Resources Law**") was deliberated and adopted, which came into force on 1 July 2025. The New Mineral Resources Law mandates that upon establishing a mining right, registration must be filed with the relevant department, which then issues a mining right certificate if conditions are met. The law distinguishes between the mining right certificate being a property right and exploration/mining licences being administrative licenses. It introduces separate registration for mining rights and exploration/mining permissions. According to Article 3(3) of the Notice on the Implementation of the New Mineral Resources Law issued by the Ministry of Natural Resources of China in December 2024, mining licenses that have been issued prior to the implementation of the New Mineral Resources Law continue to be valid during the validity period and the replacement with the mining right certificate shall not be mandatory.

Since 2021, the Company has owned the mining rights of the Shuoli Kaolin Mine granted by the Huaibei Municipal Bureau of Natural Resources and Planning. The material terms of the Company's mining license are set out below:

- Issuing authority: Huaibei Municipal Bureau of Natural Resources and Planning
- Holder of mining license: The Company
- Name of mine: Huaibei City Shuoli Kaolin Mine
- License number: C3400002019117120148949
- Mining method allowed: Underground mining
- Production volume allowed: 500.0 thousand tonnes per year
- Area of mine allowed: 17.9955 square kilometers
- Mining elevations allowed: 50–240m below the surface
- Period of validity: From 19 November 2021 to 19 November 2024 and extended to 20 November 2039 after the renewal on 6 March 2024
- Applicable natural resources: Kaolin

Mineral Assets and Mining Rights

- **Renewal:** The mining right holder shall apply for renewal no later than 30 days before the expiration date of the mining license. If the application is not submitted by that date, the mining right shall lapse automatically.
- **Restrictions:** The mining license should not be lent, transferred or traded. If a mining right holder suspends or shuts down mining operation within the term of the mining license, it should comply with the cancellation procedures of the mining license in accordance with applicable laws and regulations.
- **Modification:** If the mining right holder alters the range of mining area, main types of mineral being mined, mining method, company name, or transfers such license within the term of the mining license, it should apply for the relevant modification in accordance with applicable regulations.

As advised by the PRC Legal Advisers, no separate exploration license is required to be obtained as long as the Company conducts exploration within the designated mining area under the mining license for its own production. In addition, the Company's PRC Legal Advisers are of the view that after the New Mineral Resources Law comes into force, the Company's mining license will continue to be valid within its validity period. The Company does not need to apply for a mining right certificate before the expiry of the mining license, and the implementation of the New Mineral Resources Law will not adversely affect the Company's operation and financial performance. The Company plans to renew the mining license before its expiry date. As advised by the PRC Legal Advisers, there are no explicit regulations limiting the number of times a mining license may be renewed in the PRC. As of the Listing Date and up to the Latest Practicable Date, the Company did not pledge any mining rights to secure any banking facilities.

MINERAL EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Exploration

During the Reporting Period, the Company was not engaged in the exploration of kaolin.

Development

During the Reporting Period, the Company was not engaged in the development of kaolin.

Mining

The Company formulates monthly mining plans according to the demand for the Company's products. For the years ended 31 December 2023, 2024 and 2025, the Company extracted approximately 295.8 kt, 343.3 kt and 359.6 kt of kaolin ore, respectively. The actual production volume of kaolin ore increased during the reporting period, primarily due to the rising demand for the Company's products.

For the year ended 31 December 2025, the Company's total expenses on the mining of kaolin ore were approximately RMB38,325,810.

Management Discussion and Analysis

BUSINESS REVIEW

We specialize in coal-series kaolin in China and operate an integrated model spanning mining, R&D, processing, manufacturing and sales of precision casting mullite products, refractory mullite products, raw coke and raw powder, and ceramic fibers. Our business is anchored by abundant, high-quality coal-series kaolin mineral assets, which support stable production and consistent product performance.

Our principal products are precision casting mullite products and refractory mullite products. Precision casting mullite products are used in shell mold-making for precision casting, supporting high-precision components in industries such as automotive, aviation, healthcare and general equipment. Refractory mullite products are used to manufacture refractory materials serving industries such as metallurgy and construction materials. We also sell raw coke and raw powder to customers for further processing to meet different customer needs. In addition, our newly launched ceramic fibers are suitable for the production of the engineering ceramic environmental protection filter tube and automobile liners, and can be used for desulfurization and denitrification in metallurgy, electric power, thermal kiln, petrochemical, building materials and other environmental protection fields.

Our market position is underpinned not only by product quality, but also by the scale and consistency achieved through production. According to Frost & Sullivan, we were China's largest producer of precision casting mullite products by revenue in 2024, with a market share of 19.1%, demonstrating our leadership in this specialized segment even as we compete within the broader calcined kaolin market.

Our integrated model is anchored by mineral resource strength. Since 2021, we have fully owned the Shuoli Kaolin Mine in Huaibei City, Anhui Province, which is recognized for its coal-series kaolin resources. The geological characteristics of the kaolin deposits also provide operational advantages: ore from the Shuoli Kaolin Mine can proceed to processing after classification by type and specification with only a relatively simple purification process, supporting streamlined production, improved efficiency and stable quality. According to Frost & Sullivan, our kaolin ore demonstrates refractoriness, hardness and chemical stability above the industry average, which supports its suitability for producing both precision casting mullite products and refractory mullite products.

Looking ahead, industry fundamentals support continued development of our key end markets. Frost & Sullivan forecasts that the market size of precision casting mullite products in China will grow from RMB971.9 million in 2024 to RMB1,362.0 million in 2029, representing a CAGR of 7.0%, while the refractory mullite products market is expected to expand from RMB5,525.8 million in 2024 to RMB6,430.9 million in 2029, representing a CAGR of 3.1%. These trends reinforce our focus on scaling and upgrading precision casting mullite products while consolidating our market-leading position in precision casting mullite products. In addition, we further diversify our offerings to capture the untapped market opportunities brought by raw coke and raw powder, as well as ceramic fibers, thereby bringing additional revenue streams to sustain our growth.

Management Discussion and Analysis

STRATEGIES AND PROSPECTS

We intend to expand production scale and upgrade processes to capture the sizeable and steadily growing refractory mullite products market. Specifically, we plan to construct a new production line with an annual designed capacity of 40,000 tonnes. The planned expansion includes building a new shaft kiln calcination workshop equipped with four shaft kilns, a processing workshop for refractory mullite granules, a kaolin fine powder processing workshop, a finished goods warehouse and supporting facilities. This capacity expansion and increase is designed not only to increase throughput, but also to improve the consistency and specification control of refractory mullite granules so that we can better match customers' requirements for particle size ranges and proportions. By producing more uniform, gradable refractory mullite granules, we expect to strengthen competitiveness, support margin improvement and grow market share.

Alongside physical expansion, we plan to enhance automation and product purity through equipment upgrades and process optimization. We plan to procure advanced equipment such as intelligent sorting machines and automatic color sorting machines to refine and automate raw material classification. We also plan to upgrade our shaft kiln operations, install high-gradient magnetic separation equipment and implement additional automation technologies to raise purity, strengthen quality stability and improve production efficiency. These initiatives are intended to increase the degree of control over critical quality parameters that matter to refractory manufacturers and to support scalable, repeatable production at higher utilization levels.

Moreover, we are broadening our product portfolio by developing kaolin fine powder capacity using fine materials generated during ore screening. In the planned fine powder processing workshop, we aim to produce kaolin fine powder with an annual designed capacity of 60,000 tonnes. This product expansion is intended to open additional application scenarios, including uses in glass fiber and electrical porcelain products, thereby diversifying our revenue sources and creating new avenues for profit growth beyond our current focus on mullite products. We will strengthen our core competitiveness by enhancing R&D capabilities, with a focus on both product innovation and production technology. Our R&D priorities include developing higher-end precision casting surface materials, improving processing technology to raise the quality and purity of kaolin fine powder, advancing intelligent sorting processes for kaolin ore, exploring intelligent mining techniques, and developing higher-end synthetic materials and engineering fiber materials. Through these efforts, we aim to consolidate our leadership in precision casting shell materials, expand share in the refractory materials market and build the technical foundation to enter adjacent synthetic materials fields. We also intend to use technological innovation to improve production automation and interconnection between stages, promoting intelligent production systems that can increase efficiency and quality while reducing production costs and carbon emissions.

Leveraging these strategies and our competitive strengths, we expect to further amplify our market presence and expand customer base. As our addressable markets of precision casting mullite products and refractory mullite products are continuously growing, we aim to seize the growth momentum by dedicating to our strategies.

Management Discussion and Analysis

FINANCIAL REVIEW

The table below sets forth the key items from our profit or loss for the years indicated:

	Year ended 31 December	
	2025	2024
	<i>RMB in million (except for percentages)</i>	
Revenue	272.1	267.1
Cost of sales	(180.2)	(168.9)
Gross profit	91.9	98.2
Selling and distribution expenses	(3.3)	(4.6)
Administrative expenses	(29.5)	(22.3)
Research expenses	(10.2)	(12.6)
Provision for impairment losses on financial assets, net	(0.4)	(0.2)
Other income and gains	3.3	4.7
Other expenses	(0.8)	-
Operating profit	51.0	63.2
Finance costs	(6.6)	(3.7)
Profit before tax	44.4	59.5
Income tax expense	(5.6)	(6.9)
Profit for the year	38.8	52.6

REVENUE

The table below sets forth our revenue by product category for the years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB in million (except for percentages)</i>			
Precision casting mullite products	171.1	63%	185.5	70%
Refractory mullite products	59.5	22%	52.0	19%
Raw coke, raw powder and others	37.6	14%	26.6	10%
Ceramic fiber	3.9	1%	3.0	1%
Total	272.1	100%	267.1	100%

Management Discussion and Analysis

Our revenue increased by approximately 1.9% from approximately RMB267.1 million for the year ended 31 December 2024 to approximately RMB272.1 million for the year ended 31 December 2025, primarily due to the increased sales of all our major product categories and the additional revenue stream brought by the sales of ceramic fiber.

- **Revenue generated from the sales of precision casting mullite products**

Our revenue generated from the sales of precision casting mullite products decreased by approximately 7.8% from approximately RMB185.5 million for the year ended 31 December 2024 to approximately RMB171.1 million for the year ended 31 December 2025. This decline is caused by our strategic adjustment of prices to better align with market dynamics and improve market penetration, which led to a decrease in the average selling price of precision casting mullite products (including both powder and sand), however, the sales growth successfully consolidated our leading position in the market for precision casting mullite products.

- **Revenue generated from the sales of refractory mullite products**

Our revenue generated from the sales of refractory mullite products increased by 14.4% from approximately RMB52.0 million for the year ended 31 December 2024 to approximately RMB59.5 million for the year ended 31 December 2025. This increase was primarily attributable to a surge in sales volume as we continued our expansion into the refractory mullite products market. Meanwhile, our average selling price for refractory mullite products decreased slightly. This price decrease was primarily attributable to an increase in the sales of refractory mullite products of certain grades which command lower selling prices, and our strategic pricing strategy implemented in response to intensified market competition.

- **Revenue generated from the sales of raw coke and raw powder**

Our revenue generated from the sales of raw coke and raw powder significantly increased by 41.4% from approximately RMB26.6 million for the year ended 31 December 2024 to approximately RMB37.6 million for the year ended 31 December 2025, primarily because we substantially increased the sales of raw coke and raw powder to expand this segment. The sales volume growth was driven by growing customer demand and the engagement of new customers. The average selling price of our raw coke and raw powder decreased during the same period, primarily attributable to a shift in our sales mix towards certain products with relatively lower selling prices, in alignment with evolving customer needs.

- **Revenue generated from the sales of ceramic fiber**

Our revenue generated from the sales of ceramic fiber was approximately RMB3.9 million for the year ended 31 December 2025. We began the sales of ceramic fiber in the fourth quarter of 2024; therefore, the revenue contribution in FY2025 represents the first full year of operations for this segment, serving to further diversify our product portfolio.

Management Discussion and Analysis

COST OF SALES

Our cost of sales increased by 6.7% from approximately RMB168.9 million for the year ended 31 December 2024 to approximately RMB180.2 million for the year ended 31 December 2025, which was generally in line with our increased revenue during the same period, however, since the economies of scale of the production lines have not yet been fully realized, its growth rate is higher than that of revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit decreased from approximately RMB98.2 million for the year ended 31 December 2024 to approximately RMB91.9 million for the year ended 31 December 2025. Our gross profit margin decreased from 36.7% to 33.8% during the same period.

- **Gross profit and gross profit margin from the sales of precision casting mullite products**

Gross profit from our sales of precision casting mullite products decreased from approximately RMB67.9 million for the year ended 31 December 2024 to approximately RMB59.0 million for the year ended 31 December 2025. The gross profit margin for this segment decreased during the period, primarily because we strategically adjusted prices to better align with market dynamics and improve market penetration while continuing to increase the sales of powder and sand materials.

- **Gross profit and gross profit margin from the sales of refractory mullite products**

Gross profit from our sales of refractory mullite products decreased from approximately RMB12.1 million for the year ended 31 December 2024 to approximately RMB8.0 million for the year ended 31 December 2025. The gross profit margin for this segment decreased during the period, primarily because we adjusted the price to cope with intensified market competition.

- **Gross profit and gross profit margin from the sales of raw coke and raw powder**

Gross profit from our sales of raw coke and raw powder increased from approximately RMB16.7 million for the year ended 31 December 2024 to approximately RMB24.3 million for the year ended 31 December 2025. The gross profit margin increased slightly, primarily due to responding to the demands of several customers, the sales of certain products with higher prices for different specifications have increased.

- **Gross profit from the sales of ceramic fiber**

Gross profit from our sales of ceramic fiber was approximately RMB0.6 million, and gross profit margin from our sales of this category of product was 14% for the year ended 31 December 2025.

Management Discussion and Analysis

OTHER INCOME AND GAINS

Our other income and gains decreased from approximately RMB4.7 million for the year ended 31 December 2024 to approximately RMB3.3 million for the year ended 31 December 2025.

RESEARCH EXPENSES

Our research expenses decreased from approximately RMB12.6 million for the year ended 31 December 2024 to approximately RMB10.2 million for the year ended 31 December 2025, mainly due to the adjustments of compensation packages of our R&D staff, in particular, the annual bonuses based on the completion of research projects, as well as a decrease in research material costs due to the completion of certain research projects.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses decreased from approximately RMB4.6 million for the year ended 31 December 2024 to approximately RMB3.3 million for the year ended 31 December 2025, mainly because of a decrease in employee salaries due to the adjustments of performance-based incentive plans.

ADMINISTRATIVE EXPENSES

Our administrative expenses remained relatively stable at RMB22.3 million for the year ended 31 December 2024 and RMB29.5 million for the year ended 31 December 2025.

FINANCE COSTS

Our finance costs significantly increased from approximately RMB3.7 million for the year ended 31 December 2024 to approximately RMB6.6 million for the year ended 31 December 2025, primarily due to the interest on borrowings incurred in relation to the construction of our new production line, which were no longer capitalized as the construction was completed in 2024.

PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

Our provision for impairment losses on financial assets, net, increased from approximately RMB0.2 million for the year ended 31 December 2024 to approximately RMB0.4 million for the year ended 31 December 2025, primarily due to an increase in the proportion of customers meeting the Company's credit policy, leading to a rise in the closing balance compared to the opening balance.

INCOME TAX EXPENSE

Our income tax expenses decreased by approximately 18.8% from approximately RMB6.9 million for the year ended 31 December 2024 to approximately RMB5.6 million for the year ended 31 December 2025, in line with our decreased taxable profits.

Management Discussion and Analysis

PROFIT FOR THE YEAR

As a result of the foregoing, our profit for the year decreased by 26.2% from approximately RMB52.6 million for the year ended 31 December 2024 to approximately RMB38.8 million for the year ended 31 December 2025.

TOTAL ASSETS

Our total assets increased by 14.8% from approximately RMB926.7 million as at 31 December 2024 to approximately RMB1,064.1 million as at 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalents

As at 31 December 2025, our cash and cash equivalents amounted to approximately RMB205.6 million, representing an increase of approximately 186.8% from approximately RMB71.7 million as at 31 December 2024. The increase was primarily attributable to the net cash flows generated from our operating activities, driven by the listing and fundraising. Our cash and cash equivalents are primarily denominated in Renminbi.

Net Current Assets

We had net current assets of approximately RMB182.8 million as at 31 December 2025, compared to net current assets of approximately RMB53.1 million as at 31 December 2024. The increase in our net current assets was mainly due to the increase in our trade and bills receivables and cash and cash equivalents, which was in line with our business expansion.

Borrowings

As at 31 December 2025, our total interest-bearing bank and other borrowings amounted to approximately RMB266.2 million, and unutilized bank facilities of approximately RMB210.0 million. The borrowings were primarily used to finance our working capital and capital expenditure needs.

Management Discussion and Analysis

CAPITAL STRUCTURE

We manage our capital structure with the objective of maintaining a healthy balance between equity and debt to support our business expansion while minimizing financing costs. As at 31 December 2025, our total interest-bearing borrowings stood at RMB266.2 million. We did not have any corporate bonds, convertible instruments or other capital instruments with debt features. The maturity profile of our borrowings and obligations as at 31 December 2025 is as follows:

Maturity	RMB million	% of total
Within 1 year	15.0	5.6
1–2 years	35.0	13.2
2–5 years	84.7	31.8
Over 5 years	131.5	49.4
Total	266.2	100.0

All of our borrowings are denominated in RMB, which is our functional currency, and our cash and cash equivalents are also held predominantly in RMB. This natural matching significantly reduces foreign-exchange exposure.

2% of our borrowings carry fixed interest rates, while the remainder are at floating rates linked to the People's Bank of China benchmark rates plus a margin (range: 2.2% – 2.65% per annum). Our weighted-average effective interest rate for the year was 2.3%. We did not use any interest-rate swaps or other derivative instruments for hedging purposes.

FUNDING AND TREASURY POLICIES

Our treasury activities are centrally controlled by the finance department under policies approved by the Board. The objectives are to maintain sufficient liquidity for operations and expansion projects, minimize financing costs, and manage interest-rate and refinancing risks. We monitor the maturity profile regularly and have arranged RMB210.0 million of unutilized banking facilities as at year-end to ensure flexibility. We have no foreign-currency net investment hedging as our operations are substantially domestic.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of payments for the purchase of property, plant and equipment and intangible assets. For the year ended 31 December 2025, our total capital expenditures amounted to approximately RMB45.0 million.

The capital expenditures for 2025 were mainly related to the upgrading of existing machinery and equipment to improve production efficiency and environmental compliance.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND FUTURE PLANS OF MAJOR INVESTMENTS

Save as disclosed in the Prospectus, as at 31 December 2025, the Company did not have any plans for major investments and capital assets. During the year ended 31 December 2025, we did not have any material acquisitions or disposals related to subsidiaries, associates, or joint ventures.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, the Company did not hold any significant investments.

FOREIGN EXCHANGE RISK MANAGEMENT

Our business is conducted primarily in Renminbi (RMB). As a result, we are exposed to foreign currency risk in connection with transactions denominated in currencies other than RMB. Foreign exchange risk may arise from recognized assets and liabilities and from net investments in foreign operations. We manage this risk through regular reviews of our foreign currency exposures and seek to reduce such exposures through natural hedges where practicable. When appropriate, we may also enter into forward foreign exchange contracts. We did not enter into any forward contracts or other financial instruments to hedge our foreign currency exposure in 2025.

GEARING RATIO

As at 31 December 2024 and 31 December 2025, our gearing ratio (i.e., net debt divided by total capital plus net debt) was 42.0% and 23.8%, respectively.

CONTINGENT LIABILITIES

As at 31 December 2025, we have no significant contingent liabilities, guarantees, or any material litigation or claim pending or threatened against any member of the Company that could have a material adverse effect on our business, financial condition, or operating results.

PLEDGES OF ASSETS

As at 31 December 2025, we have not pledged any assets.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 31 December 2025, we had 350 full-time employees, all of whom were based in China, primarily at our headquarter in Huaibei, Anhui. During the Reporting Period, the total employee compensation expenses were approximately RMB56.6 million.

Management Discussion and Analysis

We are committed to maintaining a competitive and equitable compensation and benefits system. We continually refine our compensation and incentive policies through market research and benchmarking against peers to help ensure that our employees receive competitive total compensation packages. In accordance with PRC regulations, we participate in the housing provident fund and various employee social security programs organized by the relevant local municipal and provincial governments. We provide regular and specialized training tailored to the needs of employees across different departments so that they can remain current on industry developments and technological advancements.

We generally pay the employees a fixed salary and other allowances based on their respective positions and responsibilities. We also enter into individual employment contracts with the employees covering matters such as wages, employee benefits, employment scope and grounds for termination. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 3 December 2025, the Company was listed on the Main Board of the Hong Kong Stock Exchange. The number of Shares under the Global Offering was 24,300,000 H Shares, comprising the 2,430,000 H Shares offered under the Hong Kong Public Offering and 21,870,000 H Shares offered under the International Offering, at a nominal value of RMB1.00 per Share. Therefore, the total nominal value of the Shares under the Global Offering was RMB24,300,000. Based on the final Offer Price of HK\$7.30 per Offer Share, the net proceeds received by the Company from the Global Offering, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, amounted to approximately HK\$124.30 million, which will be utilized in accordance with the use of proceeds as disclosed in the Prospectus as follows:

Usage	Use of proceeds percentage	Net amount of Proceeds (HK\$ million)	Utilized proceeds	Unutilized	Expected timetable for the full utilization of unutilized proceeds ^{Note}	Expected timetable as disclosed in the Prospectus
			during the Reporting Period (HK\$ million)	proceeds as of the end of the Reporting Period (HK\$ million)		
Deep processing project of mullite-based aluminosilicate materials	70.8%	88.0	10.8	77.2	Within two years after Listing	Within two years after Listing
Establishment of new aluminosilicate material engineering and technology research center	20.6%	25.6	-	25.6	Within two years after Listing	Within two years after Listing
Repayment of the aggregate principal amount of several bank loans of the Company together with accrued interest thereon	0.6%	0.8	-	0.8	-	-
Working capital and general corporate purposes	8.0%	9.9	-	9.9	-	-
Total	100%	124.3	10.8	113.5	-	-

Note: The expected timetable for the full utilization of unutilized proceeds was based on the estimate of the Company, which is subject to the current and future development of the market conditions.

Management Discussion and Analysis

The balance of net proceeds from the Global Offering will continue to be utilized in accordance with the purposes and proportions disclosed in the Prospectus. The Company has placed the net proceeds that have not yet been utilized in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. The Company will comply with the PRC laws in respect of foreign exchange registration and proceeds remittance.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Save elsewhere in this annual report, there was no other significant event occurred after 31 December 2025 and up to the Latest Practicable Date.

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

During the period from the Listing Date to 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares).

As at 31 December 2025, the Company did not hold any treasury shares.

FINAL DIVIDEND

The Company's profit distribution for the year ended 31 December 2025 will be based on the total share capital registered on the Record Date for the implementation of equity distribution (as defined below), and a cash dividend of RMB2.27 per 10 shares (tax inclusive) is proposed to be distributed (the **"2025 Final Dividend"**). Among them, dividends for domestic shareholders will be paid in Renminbi, and dividends for H shareholders will be paid in Hong Kong dollars, with the HKD exchange rate converted based on the average central parity rate of HKD to RMB in the interbank foreign exchange market announced by the China Foreign Exchange Trading System authorized by the People's Bank of China for the five working days prior to the 2025 annual general meeting of the Company (the **"2025 AGM"**) (including the date of the 2025 AGM). In total, a cash dividend of RMB22,063,000 (tax inclusive) will be distributed, accounting for 56.82% of the net profit attributable to the shareholders of the Company for the year ended 31 December 2025 under IFRS Accounting Standards and 60% of the net profit attributable to the shareholders of the Company for the year ended 31 December 2025 under the Chinese Generally Accepted Accounting Standards. For the year ended 31 December 2025, the Company will not issue bonus shares, nor will it implement the transfer of capital reserve to increase share capital. If there are changes in the Company's total share capital before the Record Date for the implementation of equity distribution, it is intended to maintain the dividend amount per share unchanged, adjust the total distribution amount accordingly, and announce the specific adjustment separately. The 2025 Final Dividend is subject to the approval by the shareholders of the Company at the 2025 AGM, and is expected to be distributed on Friday, 22 May 2026 to shareholders listed in the Company's register of members on Saturday, 25 April 2026 (the **"Record Date"**).

The notice of the 2025 AGM will announce the date and the related arrangements of the closure of register of members for the 2025 AGM, as well as the arrangements of closure of register of members for the final dividend.

For the year ended 31 December 2025, no Shareholders had waived or agreed to waive any dividends.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhang Kuang (張礦), aged 56, is an executive Director and the Chairman of the Board of the Company.

Mr. Zhang was appointed as the Chairman of the Board and an executive Director in October 2023. Mr. Zhang has nearly 36 years of experience in the mining industry. He entered the mining industry in July 1990 when he joined Shuoli Mining, and he served as a deputy head of the transportation department from July 1998 to February 2003, the office director from April 2005 to December 2011, the chief engineer of the safety supervision department and the office director from December 2011 to July 2012, the deputy general manager from July 2012 to October 2019, and a non-executive director from April 2019 to September 2023. Mr. Zhang also served as a non-executive director at Huaibei Shitai Mining Co., Ltd (淮北石台礦業有限責任公司) from April 2019 to September 2023, and as deputy general manager of Shuoshi Mining (朔石礦業), a management platform of Huaibei Mining Group to oversee its four subsidiaries from June 2022 to October 2023. Mr. Zhang joined the Company in May 2019 and served as the general manager at the Company from May 2019 to June 2022. He rejoined the Company in October 2023 and has been appointed as our chairman since then.

Mr. Zhang graduated from Huainan Industrial Institute (淮南工業學院) (currently known as Anhui University of Science and Technology (安徽理工大學)) majoring in industrial automation through correspondence study in Anhui Province, the PRC, in July 2000. He was recognized as a senior engineer by the Company.

Ms. Wang Yuli (王玉麗), aged 52, is an executive Director and the General Manager of the Company.

Ms. Wang joined the Company and was appointed as a Director and General Manager in July 2022. Ms. Wang has more than 30 years of experience in the mining industry. She entered into the mining industry in September 1995 when she joined Zhangzhuang Coal Mine of Huaibei Mining Group (淮北礦業張莊煤礦). She then joined Huaibei Shuanglong Mining Co., Ltd. (淮北雙龍礦業有限責任公司) in September 2004, where she served as a deputy section-level auditor in the political work department from April 2012 to December 2013, and a supervisor in the discipline inspection and audit department from December 2013 to August 2015. From August 2015 to May 2020, she served as the deputy director of finance department at Huaibei Jiantou Holding and subsequently worked as the director of its finance department from May 2020 to June 2022.

Ms. Wang obtained a bachelor's degree in management from Anhui Institute of Finance and Trade (安徽財貿學院) (currently known as Anhui University of Finance and Economics (安徽財經大學)) through correspondence study in Anhui Province, the PRC, in December 2002. Ms. Wang has been certified as a senior auditor by Auditing Profession Senior Qualification Evaluation Committee of Anhui Province (安徽省審計專業高級職務評審委員會) in December 2012.

Biographies of Directors and Senior Management

Ms. Chen Yan (陳艷), aged 42, is an executive Director and a Deputy Chief Engineer of the Company.

Ms. Chen was appointed as a Director in November 2023. Ms. Chen has more than 23 years of experience in the mining industry. From June 2002 to June 2022, she successively served in various positions at Shuoli Mining, including as the community center youth league secretary from June 2002 to December 2004, the deputy secretary of the youth league committee from December 2004 to April 2013, the deputy chairman of the union and youth league secretary from April 2013 to May 2016, and the human resources manager from May 2016 to July 2017. Ms. Chen joined the Company in July 2017. She also consecutively served as the head of human resources department, head of operation and management department, assistant to general manager of the Company from July 2017 to July 2023. She has been serving as a deputy chief engineer of the Company since June 2022.

Ms. Chen obtained a bachelor's degree in accounting from Anhui University of Science and Technology through correspondence study in Anhui Province, the PRC, in October 2007. Ms. Chen obtained a bachelor's degree in accounting from Huaibei Normal University (淮北師範大學) through correspondence study in Anhui Province, the PRC, in July 2010. She was certified as an assistant political engineer by the Company in May 2024. She was certified as an intermediate economist by the Ministry of Human Resources and Social Security in November 2024.

Non-executive Directors

Mr. Jiao Daojie (焦道傑), aged 57, is a non-executive Director of the Company.

Mr. Jiao joined the Company and was appointed as a Director in June 2022 and has more than 35 years of experience in the mining industry. From November 1993 to December 1996, he served as the head of the supply and sales department of Huaibei Mining Bureau Taoyuan Coal Mine Operation Company (淮北礦務局桃園煤礦經營公司). He served several roles including the director of the management office at Taoyuan Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司桃園煤礦) from January 1997 to April 2011. From May 2011 to June 2011, he joined Huaibei Mining (Group) Co., Ltd. Northwest Energy Company (淮北礦業(集團)有限責任公司西北能源公司) as a deputy section-level officer. From May 2012 to December 2012, he served as the head of the business assessment department at Taoyuan Coal Mine of Huaibei Mining Co., Ltd. From January 2013 to November 2015, he worked as section chief in the construction development department and in the board secretary's office of Huaibei Mining Group, where he subsequently served as the head of strategy department under the office of the board of directors from December 2015 to June 2017. He then joined Wanhui Investment as the director of industry and investment from July 2017 to September 2018, and director of risk control from October 2018 to February 2019. Since March 2019, he successively served as the deputy director, director of the securities investment department, and securities affairs representative of Huaibei Mining Holdings Co., Ltd. (淮北礦業控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600985).

Mr. Jiao obtained a bachelor's degree in law from Anhui University (安徽大學) in Anhui Province, the PRC, in June 2002. He was certified as a senior economist by the Huaibei Mining Group in November 2013.

Biographies of Directors and Senior Management

Mr. Yang Chong (楊冲), aged 56, is a non-executive Director of the Company.

Mr. Yang joined the Company and was appointed as a Director in June 2022. From July 1991 to December 1996, Mr. Yang served as an engineer at the comprehensive operation department within the Forestry Department of Huaibei Mining Bureau (淮北礦務局林業處). From January 1997 to October 1997, he worked as an engineer in the planning and development department of Huaibei Mining Bureau, and then became the deputy director of the legal advisory office from October 1997 to June 2002. From June 2002 to September 2008, he served as the director of the office at the Forestry Department of Huaibei Mining Bureau. Subsequently, from September 2008 to June 2012, he was the director of the petition office and concurrently the deputy director at Huaibei Mining Group. Since June 2012, he has been consecutively serving as the deputy director, director of the legal compliance department and the vice president of the labour union at Huaibei Mining Group.

Mr. Yang obtained a bachelor's degree in food engineering from Anhui Mechanical and Electrical Engineering College (安徽機電學院) in Anhui Province, the PRC, in July 1991. He was certified as an engineer by the Huaibei Mining Bureau (淮北礦業局) in December 1996.

Mr. Li Zhuangzhi (李壯志), aged 60, is a non-executive Director of the Company.

Mr. Li joined the Company and was appointed as a Director in June 2022. From August 1992 to April 2001, he served as the chief accountant at Huaibei Trust Investment Company. He served as the deputy general manager at Huaibei Jinkang Property Management Centre (淮北市金康物業管理中心) from May 2006 to August 2013. Subsequently, from September 2013 to June 2015, he was the director of the financing department at Huaibei Transportation Investment Co., Ltd. (淮北市交通投資有限公司). From July 2015 to February 2022, he served as the director of the business department at Huaibei Tongchuang Financing Guarantee Group Co., Ltd. (淮北市同創融資擔保集團有限公司). From March 2022 to present, he served as a director and deputy general manager of Huaibei Tongtai Copper and Gold Mining Co., Ltd. (淮北市通泰銅金礦業有限公司).

Mr. Li graduated from Anhui Institute of Finance and Trade (currently known as Anhui University of Finance and Economics) with an associate degree in accounting in Anhui Province, the PRC, in December 1995. He was qualified as an intermediate financial economist by the Ministry of Personnel of the People's Republic of China (currently known as the Ministry of Human Resources and Social Security of the People's Republic of China) in October 1996.

Independent Non-executive Directors

Mr. Jiang Weidong (蔣衛東), aged 55, joined the Company and was appointed as an independent non-executive Director in November 2023. Mr. Jiang has extensive experience in the academic field, particularly in accounting education. He began his career in July 1995 as an assistant lecturer at China University of Mining and Technology (中國礦業大學), where he served until December 1997. From January 1998 to December 2002, he worked as a lecturer at the same university. Since January 2003, he has been serving as an associate professor in accounting at China University of Mining and Technology.

Mr. Jiang obtained a bachelor's degree in accounting in July 1992 and a master's degree in engineering in June 1995 from China University of Mining and Technology. He obtained a doctor's degree from China University of Mining and Technology in management science and engineering in Jiangsu Province, the PRC, in June 2005.

Biographies of Directors and Senior Management

Mr. Li Chenhui (李晨輝), aged 55, joined the Company and was appointed as an independent non-executive Director in November 2023. Mr. Li has extensive experience in the academic sector, particularly in materials science and engineering. He began his professional journey in June 2000 as a postdoctoral fellow in materials science and engineering at Huazhong University of Science and Technology (華中科技大學), a role he held until February 2002. He then advanced to the position of associate professor at the School of Materials of the same institution, serving from March 2002 to October 2015. Since November 2015, he has been a professor at the School of Materials of Huazhong University of Science and Technology.

In addition to his academic roles, Mr. Li has been serving as a supervisor at Wuhan Xintaige Materials Co., Ltd. (武漢鑫泰閣材料有限公司) since September 2008 and an independent non-executive director at Zhejiang Jicheng Advanced Ceramics Co., Ltd. (浙江吉成新材股份有限公司) since May 2023.

Mr. Li obtained a bachelor's degree in mineral exploration engineering in July 1992 and a master's degree in engineering in May 1995 from Central South University of Technology (中南工業大學) (currently known as Central South University (中南大學)). He obtained a doctor's degree in materials science from Central South University (中南大學) in Hunan Province, the PRC, in December 1999.

Mr. Miao Guanghong (繆廣紅), aged 40, joined the Company and was appointed as an independent non-executive Director in November 2023. Mr. Miao has extensive experience in the academic field. He began his career in June 2015 as a lecturer at the School of Force and Optoelectronic Physics of Anhui University of Science and Technology, where he served until December 2019. Since December 2019, he has been serving as an associate professor at the School of Force and Optoelectronic Physics of the same university.

Mr. Miao obtained a bachelor's degree in ammunition engineering and explosive technology in June 2008 from Anhui University of Science and Technology. He obtained a master's degree in engineering mechanics in June 2012 from Lanzhou University of Technology (蘭州理工大學) in Gansu province, the PRC. He obtained a doctoral degree in engineering mechanics from the University of Science and Technology of China (中國科學技術大學), in Anhui Province, the PRC, in June 2015.

Mr. Chan Ngai Fan (陳毅奮), aged 46, joined the Company and was appointed as an independent non-executive Director in October 2024. Mr. Chan has extensive experience in the corporate sector, particularly in financial and executive roles.

He began his career as an insurance assistant manager at Grant Thornton (均富會計師行) (currently known as JBPP & Company) from August 2007 to February 2011. Then he held the position of a chief financial officer at Naigai Mining (China) Company Limited (內外礦業(中國)有限公司) from March 2011 to April 2015, and a chief financial officer of KP-BM Holdings Limited (應力控股有限公司), a company listed on the Stock Exchange (stock code: 2663.HK) from May 2015 to April 2018. He then held the position of non-executive director from September 2016 to April 2018, executive director and chief financial officer from April 2018 to January 2019, and non-executive director from January 2019 to March 2019 at Shenzhen Mingwah Aohan High Technology Corporation Limited (深圳市明華澳漢科技股份有限公司), a company listed on the Stock Exchange (stock code: 8301.HK). He also held the position of chief financial officer and company secretary at Heysea International Yacht Company Limited (海星國際遊艇有限公司) from May 2019 to April 2020. Mr. Chan served as an independent non-executive director of Sanxun Holdings Group Limited (三巽控股集團有限公司), a company listed on the Stock Exchange (stock code: 6611.HK), from September 2019 to September 2023, and an independent non-executive director of Contel Technology Company Limited (康特隆科技有限公司), a company listed on the Stock Exchange (stock code: 1912.HK) from March 2022 to June 2023.

Biographies of Directors and Senior Management

Currently, Mr. Chan has served as an independent non-executive director of three companies listed on the Stock Exchange and as a company secretary of four companies listed on the Stock Exchange. He has served as a joint company secretary of Centenary United Holdings Limited (世紀聯合控股有限公司), a company listed on the Stock Exchange (stock code: 1959.HK) since January 2019, an independent non-executive director of Leader Education Limited (立德教育股份有限公司), a company listed on the Stock Exchange (stock code: 1449.HK) since July 2020, a company secretary of China Health Technology Group Company Limited (中國健康科技集團控股有限公司), a company listed on the Stock Exchange (stock code: 1069.HK) since May 2022, a company secretary of Zhengwei Group Holdings Company Limited (正味集團控股有限公司), a company listed on the Stock Exchange (stock code: 2147.HK) since May 2022, a company secretary of Bison Finance Group Limited (貝森金融集團有限公司), a company listed on the Stock Exchange (stock code: 0888.HK) since August 2022, an independent non-executive director of Persistence Resources Group Ltd. (集海資源集團有限公司), a company listed on the Stock Exchange (stock code: 2489.HK) since November 2023, and an independent non-executive director of Central Wealth Group Holdings Limited (中達集團控股有限公司), a company listed on the Stock Exchange (stock code: 0139.HK) since July 2024.

Mr. Chan obtained a bachelor's degree in arts (Honours) in accountancy from the Hong Kong Polytechnic University in December 2007, and a master's degree in corporate governance from the same university in October 2013. Mr. Chan is a Certified Public Accountant (Practising) in Hong Kong authorized by Accounting and Financial Reporting Council in January 2024. He was admitted to graduateship of The Institute of Chartered Secretaries & Administrators in December 2016 and was admitted as an associate of The Hong Kong Institute of Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute). He is also a Chartered Secretary and a Chartered Governance Professional of The Hong Kong Chartered Governance Institute.

SENIOR MANAGEMENT

Mr. Zhang Kuang (張曠) is the Chairman of the Board and an executive Director of the Company. For the biographical details of Mr. Zhang, see "Directors – Executive Directors".

Ms. Wang Yuli (王玉麗) is an executive Director and a General Manager of the Company. For the biographical details of Ms. Wang, see "Directors – Executive Directors".

Ms. Chen Yan (陳艷) is an executive Director and a Deputy Chief Engineer of the Company. For the biographical details of Ms. Chen, see "Directors – Executive Directors".

Mr. Wang Wei (王巍), aged 49, is a Deputy General Manager, Chief Financial Officer, Board secretary and joint company secretary of the Company.

Biographies of Directors and Senior Management

From February 1997 to October 2013, Mr. Wang worked at Luling Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司蘆嶺煤礦) where he served consecutively as the deputy head of the finance department, the deputy secretary of the discipline inspection commission, the head of the supervision and audit department, the head of the coal management department and the head of the finance department. Mr. Wang joined Anhui Hwasu Co., Ltd. (安徽華塑股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600935)) in October 2013 as the head of the finance and assets department. From December 2016 to June 2018, he served as deputy general manager of operations, concurrently holding positions as head of the materials department, manager of the sales department, and board secretary. From June 2018 to May 2023, he was the financial director and board secretary. Mr. Wang joined the Company in June 2023. Since June 2023, Mr. Wang has been serving as the Deputy General Manager, and Chief Financial Officer at the Company. He has also been serving as the board secretary since October 2023. He has been appointed as a joint company secretary since 15 October 2024.

Mr. Wang graduated from Anhui University of Science and Technology in accounting through correspondence study in July 2009 and in chemical engineering and technology through correspondence study in July 2023, in Anhui Province, the PRC. Mr. Wang was granted with intermediate business administration professional in February 2013 and intermediate audit professional in December 2014 by the Human Resources and Social Security Department of Anhui Province. He was qualified as a senior accountant in January 2016 by Accounting Profession Senior Qualification Evaluation Committee of Anhui Province. He was also qualified as a senior corporate compliance specialist in April 2024 by the China Enterprise Evaluation Association.

Mr. Zhu Zejian (朱澤艦), aged 49, is a Deputy General Manager of the Company since June 2023. Mr. Zhu served various roles at Qinan Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司祁南煤礦), including chief technician of the No. 3 coal mining area, deputy district head, and district head from June 2000 to March 2010. He served as district head of the No. 3 comprehensive mining area from March 2010 to August 2011. Following this, he served as director of the safety production information center from August 2011 to October 2012. From October 2012 to June 2023, he served as deputy chief engineer and deputy mine manager for coal mining. He joined the Company and has served as a Deputy General Manager and manager of raw ore branch of the Company since June 2023.

Mr. Zhu graduated from Anhui University of Science and Technology in mining engineering in Anhui province through correspondence study, the PRC, in January 2007. He achieved an educational level equivalent to an MBA in business administration from Anhui Business Administration College (安徽工商管理學院) in Anhui province, the PRC, in December 2015. He was recognized as a senior engineer by the Company in May 2024.

Biographies of Directors and Senior Management

Mr. Jiang Tao (姜濤), aged 38, joined the Company and has served as a Deputy General Manager and Chief Engineer of the Company since December 2023.

From July 2014 to August 2018, Mr. Jiang served as the deputy head and later head of the geology and survey department at Yangzhuang Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司楊莊煤礦). He then served as the deputy chief engineer of geology and survey department at Yangzhuang Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司楊莊煤礦) from August 2018 to February 2020. From February 2020 to November 2023, he served as deputy chief engineer of geology and survey department and head of the production technology management department at Tongting Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司董亭煤礦).

Mr. Jiang obtained a bachelor's degree in geological engineering from Anhui University of Science and Technology in Anhui Province, the PRC, in July 2010. He obtained a master's degree in geological engineering from the same university in December 2017.

Mr. Xu Xueliang (徐雪亮), aged 44, joined the Company and has served as a Deputy General Manager of the Company since December 2023.

From September 2004 to November 2019, Mr. Xu worked at Xutuan Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司許疇煤礦), where he held various roles including senior technician, deputy section chief, deputy district head, district head, labour union chairman, section chief of the electromechanical department, and deputy chief engineer of electromechanics. From November 2019 to November 2023, he served as deputy chief engineer of electromechanics and deputy mine manager at Zhuxianzhuang Coal Mine of Huaibei Mining Co., Ltd. (淮北礦業股份有限公司朱仙莊煤礦).

Mr. Xu obtained a bachelor's degree from Anhui University of Science and Technology in automation in Anhui Province, the PRC, in July 2004. He was recognized as a senior engineer by the Company.

Mr. Li Jingang (李金剛), aged 55, is a Deputy General Manager of the Company since October 2024.

From July 1992 to November 2022, Mr. Li successively served various roles at Shuoli Coal Mine (淮北礦業(集團)有限責任公司朔里煤礦), including head of the planning department, technical supervisor and deputy district head of the comprehensive tunnelling district, deputy director of the management department (at the division level), and safety deputy chief engineer. In November 2022, Mr. Li joined the Company, where he served as deputy chief engineer until October 2024. He has served as a deputy general manager of the Company since October 2024.

Mr. Li obtained a bachelor's degree in mine construction from Huainan Mining Institute (淮南礦業學院), in Anhui province, the PRC, in July 1992. He was recognized as a senior engineer by the Company.

Biographies of Directors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Wang Wei (王巍) is the board secretary and a joint company secretary of the Company. For the biographical details of Mr. Wang Wei, see “Senior Management”.

Ms. Sze Suet Ling (施雪玲) resigned as a joint company secretary of the Company on 16 January 2026.

Ms. Mak Po Man Cherie (麥寶文) was appointed as a joint company secretary of the Company on 16 January 2026. Ms. Mak has over 20 years of experience in corporate secretarial field.

Ms. Mak was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Company's Directors and senior management from the date of the Prospectus to the date of this annual report are set out below:

Mr. Chan Ngai Fan (陳毅奮) ceased to serve as an independent non-executive director of Capital Finance Holdings Limited (首都金融控股有限公司) with effect from 29 September 2025.

The Company abolished the Supervisory Committee following the conclusion of the second extraordinary general meeting held on 31 December 2025. Mr. Ding Haojie, Mr. Hu Yuhong, and Mr. Zhu Jianqiang ceased to serve as Supervisors of the Company upon the conclusion of the second extraordinary general meeting.

Corporate Governance Report

The Board is pleased to present its corporate governance report for the period from the Listing Date to 31 December 2025.

CORPORATE CULTURE

- Corporate Spirit: Rigorous, Efficient, United, Pragmatic
- Corporate Style: Rigorous, Pragmatic, Swift
- Quality Policy: Strictly adhere to standards to build the Jinyan brand; persist in pursuing excellence to ensure customer satisfaction
- Brand Philosophy: Leveraging technological advancement to build the Jinyan brand
- Service Philosophy: Diligence, Integrity, Innovation, Harmony

Jinyan Gaoxin will steadfastly pursue the highest ideal of “turning stone into gold and scaling steep cliffs” applying unwavering craftsmanship to achieve relentless refinement in our products. In accordance with the industrial development plan, Jinyan Gaoxin will leverage its unique resource advantage to precisely define its development direction. The company will actively expand into refractory materials and Ceramic Fiber Market, achieving high-quality and diversified utilization of kaolin resources. Through continuous innovation and breakthroughs, Jinyan is committed to establishing itself as a first-class, nationally leading benchmark enterprise in coal-based kaolin new materials, contributing its strength to industrial upgrading.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance which are crucial to the Company’s development and safeguard the interests of its Shareholders. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code for the period from the Listing Date to 31 December 2025.

The Board will continue to review and monitor the Company’s corporate governance practices to ensure compliance with the CG Code and maintain high standards of corporate governance.

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board of Directors

As of 31 December 2025 and the Latest Practicable Date, the Board consists of ten Directors, comprising three executive Directors, three non-executive Directors and four independent non-executive Directors. Directors are elected or replaced by the Shareholders' meeting for a term of three years. Directors may be re-elected upon expiration of their terms of office. The members of the Board are set out below:

Executive Directors

Mr. Zhang Kuang (*Chairman*)
Ms. Wang Yuli
Ms. Chen Yan

Non-executive Directors

Mr. Jiao Daojie
Mr. Yang Chong
Mr. Li Zhuangzhi

Independent non-executive Directors

Mr. Jiang Weidong
Mr. Li Chenhui
Mr. Miao Guanghong
Mr. Chan Ngai Fan

The biographical details of the Directors are set out in the section of "Biographies of Directors and Senior Management" of this report.

Each Director confirms that (i) he/she has obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 12 December 2024, and (ii) he/she understands his/her responsibilities as a Director of the Company.

Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, none of the Shareholders, Directors, senior management or any of their respective associates had any past or present relationship (business, family, employment, financing or otherwise) with the Company's trading customers and their Shareholders, Directors, senior management and any of their respective associates.

Corporate Governance Report

Responsibilities of the Board and Management

The Board consists of ten Directors, comprising three executive Directors, three non-executive Directors and four independent non-executive Directors. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Company, determining the annual financial budgets and final accounts of the Company, determining the fundamental management systems of the Company, formulating profit distribution plans and loss recovery plans of the Company, and exercising other powers and functions as conferred by the Articles of Association.

Our senior management is responsible for the management of day-to-day operations of the Company.

The Board directly and indirectly performs the corporate governance functions of the Company through its committees, including (but not limited to):

- (a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
- (e) reviewing the Company's compliance with the CG Code and the disclosures in the Company's corporate governance report.

Corporate Governance Report

Chairperson of the Board and General Manager

During the period from the Listing Date up to 31 December 2025, the chairman of the Board and general manager of the Company are held by different persons. The chairman of the Board of Directors of the Company is Mr. Zhang Kuang and the general manager is Ms. Wang Yuli. The chairman exercises the following powers and duties: (I) to preside at Shareholders' meetings and to convene and preside at meetings of the Board; (II) to supervise and examine the execution of the resolutions of the Board; and (III) other powers that the Board may delegate. The general manager shall be responsible to the Board and shall exercise the following powers and duties: (I) to preside over the management of the Company's production and operation, to organize the implementation of the Board's resolutions and to report to the Board on its work; (II) to organize the implementation of the Company's annual business plan and investment program; (III) to draw up a proposal for the establishment of an internal management structure for the Company; (IV) to draw up a basic management system for the Company; (V) to make specific rules and regulations of the Company; (VI) to propose to the Board candidates for the position of vice general manager and other senior management of the Company; (VII) to decide on the appointment or dismissal of responsible management personnel other than those to be appointed or dismissed by the Board; (VIII) the general manager shall attend the meetings of the Board; and (IX) other powers and functions conferred by the Articles of Association or the Board. The Articles of Association provide for a clear written division of responsibilities between the chairperson and the general manager. The Company has complied with Provision C.2.1 of the CG Code.

Mechanisms for Directors to Obtain Independent Views and Opinions

At Board meetings, the Directors can freely express their opinions, and major decisions can only be made after detailed discussion. The Directors may also engage independent professional institutions at the Company's expense after going through due procedures, if they deem it necessary to get independent professional opinions. If a Director is interested in a matter to be considered by the Board, the relevant Director shall abstain from discussion and voting on the relevant resolution, and such Director shall not be counted in the quorum for voting on such resolution. In addition, independent non-executive Directors shall also give objective and impartial independent opinions on matters discussed by the Company. Independent non-executive Directors of the Company do not hold any other positions in the Company, nor do they have relationships with the Company or its substantial Shareholders that may influence their independent and objective judgment, and they do not have any business or financial interests in the Company or its subsidiaries. Therefore, the participation of independent non-executive Directors during the Reporting Period can effectively ensure a strong and sufficient independent element in the Board.

The Board has reviewed the implementation of the above mechanism and considers that during the period from the Listing Date up to 31 December 2025, the Board has complied with the above relevant requirements, and the above mechanism has been effective in providing the Board with independent views and opinions. The Board will review the implementation and effectiveness of the aforesaid mechanisms annually.

Corporate Governance Report

Independence of Independent Non-Executive Directors

The Company has received annual confirmation from each of its independent non-executive Directors regarding his or her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Director Service Contract

The Company shall enter into contracts with each Director regarding, among other matters, (i) compliance with relevant laws and regulations; and (ii) compliance with the Articles of Association.

Save as disclosed above, no Director has entered into any service contract with the Company in his/her capacity as a Director (excluding contracts that will expire within one year or may be terminated by the employer within one year without payment of compensation (other than statutory compensation)).

Appointment and Re-election of Directors

According to Article 93 of the Articles of Association, Directors are elected or replaced by the Shareholders' meeting for a term of three years. Directors may be re-elected upon expiration of their terms of office. The Shareholders' meeting may not remove a Director without cause before the expiration of his/her term of office. Before the expiration of a Director's term of office, they may be removed by an ordinary resolution of the Shareholders' general meeting, provided that such removal shall not prejudice any claim for damages that the Director may have under any contract. The term of office of the Directors shall be calculated from the date of their assumption of office until the expiry of the current term of office of the Board. If a Director is not re-elected in time upon the expiry of his/her term of office, until the re-elected Director assumes office, the original Director shall still perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange on which the Company's Shares are listed, and the provisions of the Articles of Association. Directors may be Shareholders or non-Shareholders. Directors may hold other senior management positions in the Company, provided that the number of Directors holding such concurrent positions shall not exceed one-half of the total number of Directors. The Board of the Company shall have a Director who is a representative of the employees and who shall be elected or replaced by a general meeting of the employees (representatives) of the Company.

According to Article 112 of the Articles of Association, the Board shall have a chairman, who shall be elected by the Board by a majority of all Directors. The term of office of the chairman is three years and he/she may be re-elected.

Corporate Governance Report

Training and Professional Development for Directors

Pursuant to the Provision B of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their unceasing contribution to the Board remains informed and relevant. The Company pays attention to the continuous professional development of its Directors by arranging adequate training programs and encouraging the Directors to participate in such training to ensure that they have a proper understanding of the Company's business and operations as well as a full understanding of the duties and responsibilities of Directors under the Listing Rules and relevant laws.

During the reporting period, the Company organized training sessions conducted by qualified professionals/legal advisors for all Directors (Mr. Zhang Kuang, Ms. Wang Yuli, Ms. Chen Yan, Mr. Jiao Daojie, Mr. Yang Chong, Mr. Li Zhuangzhi, Mr. Jiang Weidong, Mr. Li Chenhui, Mr. Miao Guanghong, and Mr. Chan Ngai Fan). The sessions covered topics related to Directors' duties and responsibilities. In addition, the Company has provided all Directors with relevant reading materials, including the duties and responsibilities of Directors for their reference and study.

Securities Trading and Handling of Inside Information

The Board has adopted the Model Code as the code of conduct governing Directors' trading in the securities of the Company. As the Shares of the Company were listed on the Stock Exchange on 3 December 2025, the Model Code became applicable to the Company from the Listing Date. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the period from the Listing Date to the date of this annual report.

The Company has also developed and implemented policies and procedures relating to the disclosure of information (including but not limited to the disclosure of inside information), including monitoring potential inside information, ensuring rapid identification of and assessment to relevant facts and circumstances that may have material impacts on the share price of the Company, and submitting relevant matters to the attention of the Board, if necessary, to determine whether a disclosure is needed. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that their recipients recognize their obligations to maintain confidentiality.

Corporate Governance Report

Board Meetings and Shareholders' Meetings

The Company was listed on the Stock Exchange on 3 December 2025. For the period from the Listing Date to 31 December 2025, the Company held 1 Board meeting and 1 general meeting.

The following table provides a summary of Directors' attendance records from the Listing Date to 31 December 2025:

Director Name	From 3 December 2025 to 31 December 2025					
	Number of attendance/Number of meetings					
	Board of Directors	Audit and Risk Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy and Investment Committee	Shareholders' Meeting
Mr. Zhang Kuang	1/1	0/0	0/0	0/0	0/0	1/1
Ms. Wang Yuli	1/1	0/0	0/0	0/0	0/0	1/1
Ms. Chen Yan	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Jiao Daojie	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Yang Chong	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Li Zhuangzhi	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Jiang Weidong	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Li Chenhui	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Miao Guanghong	1/1	0/0	0/0	0/0	0/0	1/1
Mr. Chan Ngai Fan	1/1	0/0	0/0	0/0	0/0	1/1

Board Committees

The Company's Board of Directors shall establish an Audit and Risk Committee, a Nomination Committee, and a Remuneration and Appraisal Committee, and may establish a Strategy and Investment Committee and other relevant special committees as needed.

Audit and Risk Committee

The Audit and Risk Committee consists of three Directors, namely Mr. Jiang Weidong (independent non-executive Director), Mr. Chan Ngai Fan (independent non-executive Director) and Mr. Yang Chong (non-executive Director). Mr. Jiang Weidong currently serves as the chairman of the Audit and Risk Committee. The primary duties of the Audit and Risk Committee are as follows:

- (i) to make recommendations to the Board on the appointment, replacement and removal of an external auditor, consider and approve the remuneration and terms of engagement of an external auditor and any questions of its resignation or dismissal;
- (ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit and Risk Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

Corporate Governance Report

- (iii) to develop and implement policies on engaging an external auditor to provide non-audit services;
- (iv) to review and supervise the truthfulness, completeness and correctness of financial statement, annual report and accounts and interim report;
- (v) to review the financial policy, risk management and internal control evaluation system of the Company;
- (vi) to facilitate communications between the internal audit department and the external auditor; and
- (vii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

Since the Company was only listed on 3 December 2025, the Audit and Risk Committee has not yet held any meetings for the year ended 31 December 2025. The Audit and Risk Committee held two meetings as of the Latest Practicable Date, at which 12 proposals were reviewed and approved, including the Proposal on the Reappointment of the Company's Overseas Accounting Firm for 2025, the Proposal on the Estimated Ordinary Related-Party Transactions for 2026, the Proposal on the 2025 Annual Results Announcement, the Proposal on the 2025 Annual Report (H Shares), the Proposal on the 2025 Annual Report and Annual Report Summary (NEEQ), the Proposal on the Appointment of the Company's Accounting Firm for 2026, and the Proposal on the Effectiveness of Risk Management and Internal Control.

The Audit and Risk Committee has reviewed the annual results and the annual report of the Company for 2025 and the audited financial statements for the year ended 31 December 2025 which were prepared in accordance with IFRS Accounting Standards.

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Li Chenhui (independent non-executive Director), Mr. Jiang Weidong (independent non-executive Director) and Ms. Wang Yuli (executive Director). Mr. Li Chenhui currently serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are as follows:

- (i) to review the size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;
- (ii) to formulate the corporate governance policies and standards, monitor the implementation, and make recommendations to the Board;
- (iii) to examine the select standards and procedures of Directors and senior management and make recommendations to the Board, and supervise the training and development plan of Directors and senior management;
- (iv) to identify individuals with the appropriate qualifications to serve as Directors, and select and make recommendations to the Board on the selection of individuals nominated for directorships;

Corporate Governance Report

- (v) to assess the independence of the independent non-executive Directors;
- (vi) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the general manager); and
- (vii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

Since the Company was only listed on 3 December 2025, the Nomination Committee has not yet held any meetings for the year ended 31 December 2025.

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected as required. The Nomination Committee utilizes various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by Shareholders, are evaluated by the Nomination Committee based upon the Director's qualifications, then submitted to the Board for consideration, and after approval by the Board, they will be elected by the shareholders' meeting. While Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Miao Guanghong (independent non-executive Director), Mr. Jiang Weidong (independent non-executive Director) and Mr. Li Zhuangzhi (non-executive Director). Mr. Miao Guanghong currently serves as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are as follows:

- (i) to organize and formulate the remuneration policy and plan of Directors and senior management with reference to their main duties, scope, importance, time commitment and salary level of relevant positions. The remuneration plan and policy mainly include but are not limited to performance evaluation standards, procedures and main evaluation systems, and main plans for rewards and punishments, and shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- (ii) to make recommendations to the Board on the remuneration packages of the executive Directors and senior management;
- (iii) to make recommendations to the Board on the remuneration of non-executive Directors;
- (iv) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Company;

Corporate Governance Report

- (v) to study and make recommendations to the Board on the appraisal criteria for Directors and senior management, review the performance of Directors (excluding independent non-executive Directors) and senior management and conduct annual performance appraisals;
- (vi) to review and approve the compensation payable to the executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- (vii) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such arrangements are consistent with the contractual terms, or if not consistent, the relevant compensation must also be fair and not excessive;
- (viii) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (ix) to supervise the implementation of the remuneration procedures and review the relevant remuneration policies on a regular basis; and
- (x) to review and/or approve relevant share schemes as set out in Chapter 17 of the Listing Rules.

Since the Company was only listed on 3 December 2025, the Remuneration and Appraisal Committee has not yet held any meetings for the year ended 31 December 2025. The Remuneration and Appraisal Committee held one meeting as of the Latest Practicable Date, at which the following proposals were reviewed and approved: the Proposal on the 2026 Human Resources Plan and Employee Compensation Plan, the Proposal on the 2026 Remuneration Plan for the Directors of the Company, and the Proposal on the 2026 Remuneration Plan for the Management of the Company.

Strategy and Investment Committee

The Strategy and Investment Committee consists of three Directors, Mr. Zhang Kuang (executive Director), Mr. Li Chenhui (independent non-executive Director) and Mr. Miao Guanghong (independent non-executive Director). Mr. Zhang Kuang currently serves as the chairman of the Strategy and Investment Committee. The primary responsibilities of the Strategy and Investment Committee are as follows:

- (i) to research and propose recommendations for our Company's long-term strategic development plan;
- (ii) to examine and advise on major investment and financing proposals that require Board approval as stipulated in the Articles of Association;
- (iii) to consider and provide suggestions on significant capital operations and asset management projects needing Board approval; and
- (iv) to research and advise on other major matters affecting our Company's development and monitor the implementation of these matters to ensure effective execution.

Corporate Governance Report

Since the Company was only listed on 3 December 2025, the Strategy and Investment Committee has not yet held any meetings for the year ended 31 December 2025.

Directors' remuneration policy

To ensure the ability to attract and retain talents, the Company's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Company's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The remuneration received by the Directors comprises salaries, allowances, contributions to pension schemes, discretionary bonuses and other benefits in kind.

The Directors' remuneration is subject to Shareholders' approval.

Board Diversity Policy

Pursuant to the Company's Board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. The Company will also consider its own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of two female Directors and eight male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management. The Directors are of the view that the Board satisfies the Board diversity policy (including gender diversity), therefore no measurable objectives have been set for implementing the Board diversity policy. The Board diversity policy of the Company would ensure that the Board will have alternative and potential successors to extend the existing gender diversity of the Board.

Our Nomination Committee is responsible for the implementation of our Board diversity policy. Our Nomination Committee will review the Board diversity policy from time to time to ensure its continued effectiveness. The Company will disclose the implementation of the Board diversity policy in the corporate governance report on an annual basis.

Corporate Governance Report

Employee Diversity

As of the end of the Reporting Period, the gender diversity of the Company's employees (including senior management) was generally balanced, with the gender ratio of 21.33% female and 78.67% male.

The Company is committed to fostering a fair, respectful, and inclusive working environment. The Company's decisions on recruitment, training, promotion, dismissal, and retirement policies do not take into account age, gender, race, ethnicity, nationality, religion, marital status, family status, or any other non-work-related factors. The Company will continue to strive for an appropriate balance of employee diversity.

Given that the Company is mainly engaged in the mining and chemical industries, there are certain industry characteristics in terms of the gender composition of employees. The Company considers that during the Reporting Period, the gender diversity at the staff (including senior management) level has been achieved and does not have any other plans or measurable objectives for gender diversity for the time being, and there are no factors or circumstances that would make achieving gender diversity among all employees (including senior management) more challenging or less relevant.

Nomination Procedures

According to Article 92 of the Articles of Association, the methods and procedures for proposing Director candidates are as follows: (I) the Board of the Company and Shareholders who individually or collectively hold more than 3% of the Company's Shares shall have the right to nominate candidates for election as Directors of the Company; (II) the nomination of Director candidates by the Board to the Shareholders' meeting shall be made by a resolution of the Board; the nominating Shareholders may submit the list of Director candidates to the Board directly. After being nominated, a Director candidate shall examine whether he/she meets the qualifications for the office and provide the Company with a written explanation of whether he/she meets the qualifications for the office and prove relevant qualifications in a timely manner. The Board shall verify the candidate's qualifications for the office, and if it finds that the candidate does not meet the qualifications for the office, it shall request the nominator to withdraw the nomination of the candidate, and the nominator shall do so. If a Director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be null and void. The Company shall terminate the duties of a Director and cease their performance if any of the circumstances set out in this Article occur during the Director's term of office.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the Company's financial statements for the year ended 31 December 2025. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

The Directors are not aware of any material uncertainties or circumstances that may materially affect the Company's ability to continue as a going concern.

Corporate Governance Report

Remuneration of Auditors

The remuneration of Ernst & Young, the Company's external auditor, in respect of audit and non-audit services for the year ended 31 December 2025 is as follows:

Type of services	Fees paid/payable (RMB'000)
Audit and audit-related services	1,900
Non-audit services	0
Total	1,900

Joint Company Secretaries

Ms. Sze Suet Ling resigned as a joint company company secretary of the Company on 16 January 2026. For the year ended 31 December 2025, Ms. Sze has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

Mr. Wang Wei and Ms. Mak Po Man Cherie are the joint company secretaries of our Company. The biographical details of Mr. Wang Wei and Ms. Mak Po Man Cherie are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Mr. Wang currently serves as the Board secretary, Deputy General Manager and Chief Financial Officer of the Company and has substantial experience in handling corporate, legal and regulatory compliance and administrative matters but does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Mak Po Man Cherie, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries for the term from 6 January 2026 to 2 December 2028, to provide assistance to Mr. Wang to enable Mr. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. Please refer to the announcement of the Company dated 16 January 2026 for further details on Mr. Wang and Ms. Mak.

The Company has applied for, and the Stock Exchange has granted, a new waiver (the "**New Waiver**") from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the qualifications of Mr. Wang to act as the Joint Company Secretary for a period commencing from the date of Ms. Mak's appointment as the Joint Company Secretary, i.e. 16 January 2026, to 2 December 2028, being the remaining period of the Existing Waiver (the "**New Waiver Period**"), on the condition that: (i) during the new exemption period, Mr. Wang must be assisted by Ms. Mak; and (ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company. Before the end of the New Waiver Period, the Company must demonstrate and seek confirmation from the Stock Exchange that Mr. Wang, having had the benefit of Ms. Mak's assistance during the New Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that a further waiver will not be necessary. In addition, the Stock Exchange may withdraw or change the New Waiver if the Company's situation changes.

Corporate Governance Report

The primary contact person at the Company with both of whom Ms. Sze and Ms. Mak had been contacting in respect of company secretarial matters was Mr. Wang Wei, the Board Secretary of the Company. For the year ended 31 December 2025, Mr. Wang Wei and Ms. Mak have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

RELATIONSHIP WITH SHAREHOLDERS

Communication with Shareholders

The Board believes that effective communication with Shareholders is essential to enhance investor relations and investors' understanding of the Company's business performance and strategy. The Company also recognizes the importance of transparency and timely disclosure of its corporate information to enable the Shareholders and investors to make the best investment decisions.

The Company communicates with Shareholders and the investment community mainly through the Company's financial reports (including interim and annual reports), annual general meetings and other general meetings that may be convened, as well as provision of all disclosure data submitted to the Hong Kong Stock Exchange and corporate communications and other company publications published on the Company's website and other manners.

Shareholders' Meeting

The Shareholders' meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in Shareholders' meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The Company shall give written notice to Shareholders at least 21 days prior to the annual general meeting and at least 15 days prior to any extraordinary general meeting.

Members of the Board, in particular, the chairmen of Board committees or their proxies, appropriate managements and external auditors will attend annual general meetings to answer Shareholders' questions.

The process of the Company's Shareholders' meeting will be monitored and reviewed on a regular basis, and, if necessary, amended to ensure that Shareholders' needs are best served.

Corporate Communications

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese to facilitate Shareholders' understanding about the content of the communication. Shareholders have the right to choose the language (either English or Chinese) or means of receipt (in hard copy or through electronic means) of corporate communication. Shareholders are encouraged to provide, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Governance Report

Company's website

The Company maintains a website at www.grkaolin.com as a communication platform with the Shareholders and investors. Information on the Company's website will be updated on a regular basis. Information released by the Company on the website of the Stock Exchange will also be posted on the Company's website for corporate communications in real time thereafter. Such data includes financial statements, results announcements, circulars and notices of Shareholders' meetings and related explanatory documents, etc.

Shareholder Enquiries

Shareholders and investors may send written enquiries or requests to the Company for the attention of the Board. Contact details are set out as follows:

Address: 50 meters north of Shuobei Road Shuoli Town, Duji District, Huaibei Anhui Province, PRC

Email: ahjygtgs@sina.com

Shareholders may direct their questions about their shareholdings to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company ensures that the H Share Registrar maintains up-to-date data about the shares at all times to enable it to respond effectively to Shareholders' enquiries.

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company uses multiple formal communication channels to report to and be accountable to shareholders and investors regarding the Company's performance. These channels include (i) publishing interim and annual reports; (ii) holding general meetings to provide a platform for shareholders to express opinions and exchange views with the Board; (iii) providing shareholders and investors with the latest information on key matters concerning the Company through the websites of the Stock Exchange and the Company; (iv) offering dedicated contact details on the Company's website to facilitate direct communication between the Company and its shareholders and investors; and (v) providing services by the Company's share registrar in Hong Kong to shareholders for all matters related to share registration.

The Company aims to provide its shareholders and investors with a high level of disclosure and financial transparency. The Board is committed to regularly providing shareholders with clear, detailed, and timely information about the Company. This is achieved through interim and annual reports, investor briefings, as well as circulars, notices, and other announcements.

Corporate Governance Report

The Board regularly reviews our existing communication channels with shareholders and investors to ensure they remain effective and provides recommendations for improvement when necessary.

After reviewing the different avenues of communication with Shareholders, the Company believes that the Shareholder communication policy has been properly implemented and is effective from the Listing Date to the end of the Reporting Period.

Dividend Policy

Any declaration and payment, as well as the number of dividends, will be subject to the Company's Articles of Association and the relevant PRC laws. The Company currently does not have any formal dividend policy with a fixed dividend pay-out ratio. No dividend shall be declared or payable except out of the Company's profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisors, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. The Company will, therefore, only be able to declare dividends after: (i) all historically accumulated losses have been made up for; and (ii) the Company has allocated sufficient net profit to the statutory common reserve fund as described above.

Shareholders' Rights

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions proposed at the shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company at www.grkaolin.com and the Hong Kong Stock Exchange at www.hkexnews.hk after each shareholders' meeting.

According to Article 48 of the Articles of Association, shareholders who individually or collectively hold more than 10% of the Company's shares (excluding treasury shares) have the right to request the Board to convene an extraordinary shareholders' meeting, and such request shall be made in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the provisions of the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary shareholders' meeting within 10 days after receipt of the request. Where the Board agrees to convene an extraordinary general meeting, it shall give notice of such meeting within 5 days of the Board's resolution, and shall obtain the consent of the relevant shareholders to any changes to the original request in the notice. If the Board does not agree to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days after receipt of the request, shareholders holding individually or in aggregate more than 10% of the Company's shares (excluding treasury shares) shall have the right to propose in writing to the Audit and Risk Committee that an extraordinary shareholders' meeting be convened. Where the Audit and Risk Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the convening of the shareholders' meeting within 5 days of receipt of the request, and any changes to the original request as set out in the notice shall be subject to the consent of the relevant shareholders. If the Audit and Risk Committee fail to give such notice of the shareholders' general meeting within the period of time, the Audit and Risk Committee shall be deemed not to convene and preside over such shareholders' general meeting. Any shareholder who has held 10% or more shares (excluding treasury shares) in the Company individually or in aggregate for more than 90 consecutive days may proceed to convene and preside over such shareholders' meetings itself.

Corporate Governance Report

According to Article 53 of the Articles of Association, when the Company convenes a shareholders' meeting, the Board, the Audit and Risk Committee, and shareholders who individually or collectively hold more than 1% of the Company's shares shall have the right to submit proposals to the Company. Shareholders who individually or collectively hold more than 1% of the Company's shares may propose a provisional proposal and submit it in writing to the convenor 10 days prior to the date of the shareholders' meeting. The convenor shall issue a supplementary notice of the shareholders' meeting within 2 days of receipt of the proposal, informing the shareholders of the contents of the provisional proposal and submitting the provisional proposal to the shareholders' meeting for consideration. Unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association fails to fall into the scope of functions of the shareholders' meeting. Except as provided in the preceding paragraph, the convenor may not, after giving notice of a shareholders' meeting, amend a proposal already set out in the notice of the shareholders' meeting or add a new proposal. Proposals not specified in the notice of the shareholders' meeting or which do not comply with the provisions of Article 50 of the Articles of Association shall not be voted on and resolved by the shareholders' meeting.

Articles of Association

The Articles of Association are available at the Company's website and the website of Hong Kong Stock Exchange.

In order to further standardize the Company's operations and improve corporate governance, in accordance with the latest provisions of the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents, and taking into account the actual situation of the Company, the second extraordinary general meeting of shareholders held on 31 December 2025, made corresponding amendments to the Articles of Association, and abolished the establishment of the Supervisory Committee. The Audit and Risk Committee of the Board of Directors shall exercise the powers of the Supervisory Committee as stipulated in the Company Law, and the Company's Rules of Procedure for the Supervisory Committee shall be abolished accordingly. For further details of the amendments to the Articles of Association, please refer to the announcements of the Company dated 12 December 2025 and 31 December 2025, and the circular of the Company dated 15 December 2025. Other than the above matters, there was no other change in the Articles of Association during the Reporting Period.

Risk Management and Internal Control

The Company has established and currently maintains risk management and internal control systems consisting of policies and procedures that it considers to be appropriate for its business operations. The Company is dedicated to continually improving these systems. The Company has adopted and implemented comprehensive risk management policies in various aspects of its business operations, such as financial reporting and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to functional department.

Corporate Governance Report

The procedures used by the Company to identify, evaluate and manage major risks are: The Company's risk management and internal control systems are mainly responsible for tracking and recording identified major risks, assessing and evaluating major risks, developing and updating counter-measures, as well as continuing to test risk management and internal control procedures to ensure their effectiveness. The Company has established appropriate policies and monitoring procedures to ensure that no assets will be used or disposed of without authorization. The Company maintains reliable financial and accounting records in accordance with the relevant accounting standards and regulatory reporting regulations and properly identifies and manages major risks which may affect the Company's performance, and reasonably ensures that the level of risk is within the acceptable scope of the Company.

The procedures used by the Company to review the effectiveness of risk management and internal control systems, and the procedures to resolve material internal control defects are: During the risk evaluation process, each business department and major subsidiaries which face risks are the first line of responsibility to identify the major risks that have reached target. It should assess the residual risks and report to the management, the Audit and Risk Committee and the Board of the Company after considering the countermeasures against major risks. The audit department of the Company carries out its work based on risks and defects. The audit department of the Company formulates the annual internal control evaluation work plan covering the Company's operation, business, finance and major procedures of its affiliated entities, and reports the evaluation findings to the management and the Board of the Company. The audit department of the Company urges relevant entities to rectify the internal control defects and reports the progress of rectification to the Audit Committee and the management on a regular basis. The audit department of the Company reports on the adequacy and effectiveness of its monitoring to the management, the Audit and Risk Committee and the Board of the Company. The management of the Company, with the assistance of the audit department and other departments, is responsible for the design, implementation, supervision and evaluation of the risk management and internal control systems and reports the effectiveness of risk management and internal control to the Audit and Risk Committee and the Board. The Company has adopted various policies and procedures to evaluate and enhance the effectiveness of the risk management and internal control systems, including requiring the management to conduct assessment on a regular basis and control the risks at a level which is acceptable to the Company to ensure that the risk management and internal control systems of the Company operate effectively, which the Company believes will enhance corporate governance in the future and improve the risk management and internal control capacities of the Company. The Company has integrated risk management and internal control into its daily operations. The functional departments and affiliated entities of the Company continuously conduct risk assessments, formulate risk management strategies and risk countermeasures, assess residual risks and report risk events and countermeasures implemented to the relevant business management departments of the Company on a timely basis. The relevant business departments of the Company summarize the possibility and effect of risk events, analyze the effectiveness of its risk management and internal control strategies and countermeasures, and report to the management and the Board of the Company on a regular basis.

Corporate Governance Report

To monitor the implementation of our risk management policies and internal control measures, we have adopted and will continue to adopt, among others, the following risk management measures:

- Establish a conflict-of-interest management system to define conflicts of interest, specify their content and the responsible management departments and develop measures to prevent conflicts of interest, as well as processes for monitoring and reporting conflicts.
- Develop a risk management system that clarifies the classification, principles, organization, responsibilities, risk identification and assessment, risk response, risk tracking, risk monitoring, application and evaluation.
- Designate the responsible department for risk management, build a risk management system, clarify risk management systems, processes and responsibilities, guide and supervise the risk management work of each department, continuously identify potential risk events, evaluate identified risks and implement risk response measures.
- Establish an evaluation procedure for the resignation of management and key personnel, clarifying the responsible department and execution requirements.
- Clearly define sensitive and confidential company information through written policies, specify procedures for identifying and monitoring sensitive or confidential information and measures for protecting and handling information leaks, and establish reward and punishment measures. Classify and manage company data by level and develop a data classification list.
- Establish a license management procedure. Formulate a license management system tailored to departments and business needs, clarifying the procedures for obtaining, updating, monitoring and maintaining licenses.
- Develop an insurance management system, including the demonstration of insurance, review of insurance contracts, mechanisms for post-claim, renewal and update, to standardize the insurance business management process, including but not limited to employee protection and compensation, third-party litigation, all-risk property insurance (such as inventory preservation) and safety production liability insurance.
- Establish a written external communication system, including but not limited to the information release process, media and public response management, procedures for responding to regulatory inquiries and responses to negative reports.
- Clarify the management department responsible for internal audits. Ensure the independence of internal audits, with the internal audit department reporting to the Audit and Risk Committee under the Board of Directors; conduct internal audit work according to system requirements, identify problems and deficiencies, propose rectification suggestions and retain relevant audit plans, audit reports, defect ledgers and related approval records for traceability.

Corporate Governance Report

The Board is responsible for the Company's risk management and internal control system and reviews the effectiveness of this system. The risk management and internal control systems are reviewed on an annual basis. The management has confirmed to the Board and the Audit and Risk Committee on the effectiveness of the risk management and internal control systems from the Listing Date to the end of the reporting period. The Board, with the support of the Audit and Risk Committee and the internal audit findings, has reviewed the risk management and internal control systems of the Company from the Listing Date to the end of the Reporting Period, including financial, operational and compliance controls, and considered such systems to be effective and adequate. The annual review also covered financial reporting and staff qualifications, experience and relevant resources. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also reviews deficiencies and shortcomings in internal controls with the support of the Audit and Risk Committee and internal audit findings and implements appropriate measures to address them where applicable. During the Reporting Period, the Company did not implement any changes to its risk management and internal control system.

Directors' Report

The Board is pleased to present the Directors' report and the audited financial statements of the Company for the year ended 31 December 2025.

LIST OF DIRECTORS

The list of the Directors as at the end of the Reporting Period and as of the Latest Practicable Date is as follows:

Executive Directors

Mr. Zhang Kuang (張礦) (*Chairman of the Board*)

Ms. Wang Yuli (王玉麗)

Ms. Chen Yan (陳艷)

Non-executive Directors

Mr. Jiao Daojie (焦道傑)

Mr. Yang Chong (楊沖)

Mr. Li Zhuangzhi (李壯志)

Independent Non-Executive Directors

Mr. Jiang Weidong (蔣衛東)

Mr. Li Chenhui (李晨輝)

Mr. Miao Guanghong (繆廣紅)

Mr. Chan Ngai Fan (陳毅奮)

Biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

PRINCIPAL BUSINESS

The Company specializes in coal-series kaolin in China, with integrated capabilities spanning the value chain from mining, R&D, processing to production and sales. As a prominent producer of calcined kaolin products in China, the Company's business is anchored by its abundant and high-quality coal-series kaolin mineral assets. Its products mainly include precision casting mullite products and refractory mullite products, which are essential materials for precision casting shell mold and refractory materials. The Company also sells raw coke and raw powder to customers for further processing.

A fair review of the Company's business and analysis using financial key performance indicators, the major risks and uncertainties facing the Company and a discussion of the future development of the Company's business are set out in the section headed "Management Discussion and Analysis" in this annual report, which forms an integral part of this Directors' report.

Directors' Report

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintains good relationships with its employees, customers and suppliers. The Company provides good working environment and effective incentive mechanism for employees, continuously optimizes employee training system, provides different career development paths for employees, guides employees to grow together with the enterprise, and protects the rights and interests of employees.

During the Reporting Period, the Company was engaged in sales to its production and trade customers, among which there are a small number of overseas customers. For the year ended 31 December 2025, revenue from the Company's top five customers accounted for 20.9% of the Company's total revenue during that period, with revenue from the Company's single largest customer representing 8.6% of the Company's total revenue during that period.

During the Reporting Period, the Company's suppliers and contractors were mainly (i) suppliers of auxiliary materials used for manufacturing operations, primarily including packaging items, sodium bicarbonate, alumina ceramic balls and wooden pallets; (ii) suppliers of utilities, primarily including natural gas, electricity, coal and water; (iii) suppliers of logistics services; and (iv) suppliers of processing services. During the Reporting Period, purchases from the top five suppliers accounted for 48.9% of the total purchases for the same period, and purchases from the Company's largest supplier accounted for 16.8% of the Company's total purchases for the same period. During the Reporting Period and as of the Latest Practicable Date, the Company's five largest suppliers were independent third parties, except for Huaibei Mining Group and Huaibei China Resources Gas Co., Ltd.

Save as disclosed above, for the year ended 31 December 2025, none of the Directors, their associates or any Shareholders of the Company (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the Company's five largest customers or suppliers.

SEGMENT INFORMATION

An analysis of the Company's performance by business segment for the year is set out in notes 4 to the financial statements.

PERFORMANCE

The Company's operating results for the Reporting Period are set out in the statement of profit or loss and other comprehensive income on page 126 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the financial statements.

Directors' Report

FINAL DIVIDENDS

The Company's profit distribution for the year ended 31 December 2025 will be based on the total share capital registered on the Record Date for the implementation of equity distribution (as defined below), and a cash dividend of RMB2.27 per 10 shares (tax inclusive) is proposed to be distributed (the "**2025 Final Dividend**"). Among them, dividends for domestic shareholders will be paid in Renminbi, and dividends for H shareholders will be paid in Hong Kong dollars, with the HKD exchange rate converted based on the average central parity rate of HKD to RMB in the interbank foreign exchange market announced by the China Foreign Exchange Trading System authorized by the People's Bank of China for the five working days prior to the 2025 annual general meeting of the Company (the "**2025 AGM**") (including the date of the 2025 AGM). In total, a cash dividend of RMB22,063,000 (tax inclusive) will be distributed, accounting for 56.82% of the net profit attributable to the shareholders of the Company for the year ended 31 December 2025 under IFRS Accounting Standards and 60% of the net profit attributable to the shareholders of the Company for the year ended 31 December 2025 under the Chinese Generally Accepted Accounting Standards. For the year ended 31 December 2025, the Company will not issue bonus shares, nor will it implement the transfer of capital reserve to increase share capital. If there are changes in the Company's total share capital before the Record Date for the implementation of equity distribution, it is intended to maintain the dividend amount per share unchanged, adjust the total distribution amount accordingly, and announce the specific adjustment separately. The 2025 Final Dividend is subject to the approval by the shareholders of the Company at the 2025 AGM, and is expected to be distributed on Friday, 22 May 2026 to shareholders listed in the Company's register of members on Saturday, 25 April 2026 (the "**Record Date**").

The notice of the 2025 AGM will announce the date and the related arrangements of the closure of register of members for the 2025 AGM, as well as the arrangements of closure of register of members for the final dividend.

For the year ended 31 December 2025, no Shareholders had waived or agreed to waive any dividends.

Withholding and Payment of Tax on Dividend Income for Shareholders

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Taxation Administration on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(國稅函[2011]348號)) and other relevant laws and regulations and regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the 2025 final dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the countries (regions) in which the individual holders of H Shares are domiciled and the PRC and the tax arrangements between mainland China and Hong Kong (or Macao). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on the dividend for the individual holders of H Shares:

- For individual holders of H Shares who are Hong Kong or Macao residents or whose country (region) of domicile is a country (region) that has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend.

Directors' Report

- For individual holders of H Shares whose country (region) of domicile is a country (region) that has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend.
- For individual holders of H Shares whose country (region) of domicile is a country (region) that has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate specified in the relevant tax treaty on behalf of the individual holders of H Shares in the distribution of the dividend.
- For individual holders of H Shares whose country (region) of domicile is a country (region) that has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) that has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual holders of H Shares in the distribution of the dividend.

If individual holders of H Shares consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, they should notify, and submit letters of entrustment and all application and relevant proving materials showing that they are residents of countries (regions) which have entered into tax treaties with the PRC to, the H share registrar of the Company, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities which will proceed with the subsequent tax related treatments. If individual holders of H Shares do not provide the Company with the relevant proving materials, they could go through the relevant procedures on their own or by attorney in accordance with the relevant provisions. The Company assumes no responsibility for and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares or any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements.

For non-resident enterprise holders of H Shares, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Notice of the State Taxation Administration on Issues Relating to Withholding and Payment of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號).

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax effects in mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H Shares.

Directors' Report

DONATIONS

The donation of the Company for the year ended 31 December 2025 was nil.

COMPLIANCE WITH LAWS AND REGULATIONS

So far as is known to the Board and the management, during the Reporting Period, the Company has, in all material aspects, complied with the relevant laws and regulations that have a material impact on the business and operations of the Company. For the year ended 31 December 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Company.

ISSUANCE OF DEBENTURES

The Company did not issue any debentures for the year ended 31 December 2025.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date to 31 December 2025, the Company has not purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares).

As at 31 December 2025, the Company did not hold any treasury shares.

Directors' Report

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 3 December 2025, the Company was listed on the Main Board of the Hong Kong Stock Exchange. The number of Shares under the Global Offering was 24,300,000 H Shares, comprising the 2,430,000 H Shares offered under the Hong Kong Public Offering and 21,870,000 H Shares offered under the International Offering, at a nominal value of RMB1.00 per Share. Therefore, the total nominal value of the Shares under the Global Offering was RMB24,300,000. Based on the final Offer Price of HK\$7.30 per Offer Share, the net proceeds received by the Company from the Global Offering, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, amounted to approximately HK\$124.30 million, which will be utilized in accordance with the use of proceeds as disclosed in the Prospectus as follows:

Usage	Use of proceeds percentage	Net amount of Proceeds (HK\$ million)	Utilized proceeds during the Reporting Period (HK\$ million)	Unutilized proceeds as of the end of the Reporting Period (HK\$ million)	Expected timetable for the full utilization of unutilized proceeds ^{Note}	Expected timetable as disclosed in the Prospectus
Deep processing project of mullite-based aluminosilicate materials	70.8%	88.0	10.8	77.2	Within two years after Listing	Within two years after Listing
Establishment of new aluminosilicate material engineering and technology research center	20.6%	25.6	-	25.6	Within two years after Listing	Within two years after Listing
Repayment of the aggregate principal amount of several bank loans of the Company together with accrued interest thereon	0.6%	0.8	-	0.8	-	-
Working capital and general corporate purposes	8.0%	9.9	-	9.9	-	-
Total	100%	124.3	10.8	113.5	-	-

Note: The expected timetable for the full utilization of unutilized proceeds was based on the estimate of the Company, which is subject to the current and future development of the market conditions.

The balance of net proceeds from the Global Offering will continue to be utilized in accordance with the purposes and proportions disclosed in the Prospectus. The Company has placed the net proceeds that have not yet been utilized in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. The Company will comply with the PRC laws in respect of foreign exchange registration and proceeds remittance.

PRINCIPAL SUBSIDIARIES

Details regarding the names, principal places of business and places of incorporation of the Company are set out in note 1 to the financial statements.

Directors' Report

RESERVES

For the year ended 31 December 2025, details of movements in the reserves of the Company are set out in note 27 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company for the year are set out in the statement of changes in equity on page 129.

SIGNIFICANT INVESTMENTS

As of 31 December 2025, the Company did not have any significant investments as required to be disclosed in accordance with Rule 32(4A) of the Appendix D2 to the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company for the year ended 31 December 2025 are set out in note 13 to the financial statements.

As disclosed in the Prospectus, Asia-Pacific Consulting and Appraisal Limited conducted a valuation on the Company's property interests on 30 September 2025 (the "**Valuation Date**"), and such property interests were not presented in the financial statements at their valuation. According to the Prospectus, the total price of the Company's property interests as of the Valuation Date amounted to RMB278,272,000. If the property interests were accounted for at such valuation, an additional depreciation of RMB1,336,000 would be charged in the statement of profit or loss and other comprehensive income of this annual report. The detailed valuation amounts of the properties as set out in the Prospectus are as follows:

No.	Property	Market value in existing state as at the Valuation Date <i>RMB</i>
1.	A parcel of land, 4 buildings and various structures located in No. 26 Longyan Road, Duji District, Huaibei City, Anhui Province, the PRC	22,469,000
2.	3 parcels of land, 54 buildings and various structures located in Shuobei Road, Duji District, Huaibei City, Anhui Province, the PRC	246,936,000
3.	2 parcels of land, 7 buildings and various structures located in Poli Village Shuoli Town, Duji District, Huaibei City, Anhui Province, the PRC	8,867,000
Total:		278,272,000

Directors' Report

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company as at 31 December 2025 are set out in note 24 to the financial statements.

PERMITTED INDEMNITY PROVISION

Subject to the relevant statutes, every Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with legal proceedings which may be brought against the Directors.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended 31 December 2025 are set out in note 31 to the financial statements. Save as disclosed below, there are no other related party transactions set out in the note 31 to the financial statements that constitute "connected transactions" or "continuing connected transactions" requiring disclosure under the Listing Rules. Save as disclosed in this annual report, during the Reporting Period, the Company has not had any "connected transactions" or "continuing connected transactions" that are required to be disclosed under the relevant provisions of Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements of Chapter 14A of the Listing Rules.

Overview

The Company has entered into various transactions with certain connected persons in the ordinary and usual course of business, and such transactions will constitute continuing connected transactions of the Company under the Listing Rules.

Connected Persons

The Company has entered into a number of transactions with Huaibei Mining Group and/or its associates that will become the Company's connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing, including:

Connected persons	Connected relationship
Huaibei Mining Group and its associates	Huaibei Mining Group is one of the Company's Controlling Shareholders, holding approximately 45.09% of the Company's equity interest
Huaibei China Resources Gas Co., Ltd. (淮北華潤燃氣有限公司) ("CR Gas")	CR Gas is an associate of Huaibei Jiantou Holding, which is one of the Company's Controlling Shareholders, holding approximately 29.91% of the Company's equity interest

Directors' Report

Non-Exempt Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements

The Company has entered into the following transactions in the ordinary and usual course of business, for which, as the Directors currently expect, the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Sales of ceramic fiber

Parties

Huaibei Mining Group (for itself and on behalf of its associates); and

The Company

Principal terms

The Company entered into a sales of ceramic fiber framework agreement with Huaibei Mining Group on 21 November 2025 (the "**Sales of Ceramic Fiber Framework Agreement**"), pursuant to which the Company will sell, from time to time, ceramic fiber produced by the Company, to Huaibei Mining Group and/or its associates, to satisfy the needs of their business operation.

The initial term of the Sales of Ceramic Fiber Framework Agreement commenced on the Listing Date until 31 December 2027, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

The Company will separately enter into specific agreements with Huaibei Mining Group and/or its associates which will set out the specific terms and conditions, including sales volume and sales price of ceramic fiber, fees and payment methods.

Pricing terms

The price of ceramic fiber shall be determined with reference to (i) the relevant costs and expenses of the Company's production of ceramic fiber; and (ii) the prevailing market price of ceramic fiber. To obtain the market price of such ceramic fibers, the Company will regularly monitor the movements of the market price of ceramic fiber from public sources, and make reference to transaction prices with at least two independent third parties. In particular, the Company will seek quotation from other independent third party buyers in the same or neighboring regions as references, to ensure the sales prices of ceramic fiber to Huaibei Mining Group and/or its associates will be no less favourable to the Company than those available to Independent Third Parties. The parties shall determine the final sales price based on arm's length negotiations.

Directors' Report

Reasons for the transactions

The Company uses calcined kaolin as the main raw material to produce ceramic fiber, and the trial production of ceramic fiber started in the fourth quarter of 2024. The sales prices of ceramic fiber to Huaibei Mining Group and/or its associates will be no less favourable to the Company than those available to independent third parties. Taking into account the above, the Directors consider that the sale of ceramic fiber to Huaibei Mining Group and its associates is beneficial to the Company.

During the Reporting Period, the transaction amount under the Sales of Ceramic Fiber Framework Agreement was RMB3,905 thousand, where the relevant annual cap was RMB4,000 thousand.

For details of the above transactions, please refer to the section headed "Connected Transactions" in the Prospectus.

2. *Procurement of services*

Parties

Huaibei Mining Group (for itself and on behalf of its associates); and

The Company

Principal terms

The Company entered into a procurement of services framework agreement with Huaibei Mining Group on 21 November 2025 (the "**Procurement of Services Framework Agreement**"), pursuant to which the Company may from time to time procure from Huaibei Mining Group and/or its associates certain types of services (including but not limited to equipment inspection service, on-site physical inspection service, design service, and maintenance service) required for the Company's daily operation.

The initial term of the Procurement of Services Framework Agreement commenced on the Listing Date until 31 December 2027, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

The Company will separately enter into specific agreements with Huaibei Mining Group and/or its associates which will set out the specific types, terms and conditions, fees and payment methods for the services provided by Huaibei Mining Group and/or its associates.

Pricing terms

The price for each type of services will be determined on a cost plus basis with reference to the actual costs and expenses incurred by Huaibei Mining Group and/or its associates in providing the relevant services to the Company and the market price of relevant services.

Directors' Report

Set out below are the specific pricing policies for different types of services under the Procurement of Services Framework Agreement:

Type of services	Pricing policies
Equipment inspection service	Price to be determined with reference to the type of equipment inspection, the complexity of the inspection steps, and the cost and salaries of personnel needed of the inspection
Physical examination service	Fixed examination fee per person
Design services	Price to be determined with reference to project complexity and negotiations between the parties and specific field of work
Maintenance services	Price to be determined with reference to the type of maintenance object and the salaries of personnel needed for the maintenance

For the purpose of ascertaining market prices, the procurement team of the Company will (i) conduct public bidding procedure in which at least three bidders (including bidders that are independent third parties) will participate. The Company will review and evaluate terms and conditions (including pricing of relevant service) submitted by the bidders and select the most favourable terms to the Company; or (ii) conduct price inquiry and obtain quotations from at least two suppliers that are independent third parties. This would ensure that the terms provided by Huaibei Mining Group and/or its associates are no less favourable to the Company than available to independent third parties.

Reasons for the transactions

During the Reporting Period, the Company has been procuring services, including but not limited to drilling and inspection service, physical examination service, design service, and repairing service, from Huaibei Mining Group and/or its associates and other independent third parties to facilitate the Company's business operation. Given the long cooperation history between the Company and Huaibei Mining Group and/or its associates, Huaibei Mining Group and/or its associates are very familiar with the Company's production and operation requirements for relevant services. The Directors consider that procurement of services from Huaibei Mining Group and/or its associates would allow the Company to benefit from the consistent quality of the services provided by Huaibei Mining Group and/or its associates.

During the Reporting Period, the transaction amounts under the Procurement of Service Framework Agreement were RMB1,095 thousand, where the relevant annual cap was RMB2,000 thousand.

For details of the above transactions, please refer to the section headed "Connected Transactions" in the Prospectus.

Directors' Report

3. Procurement of coal and materials

Parties

Huaibei Mining Group (for itself and on behalf of its associates); and

The Company

Principal terms

The Company entered into a coal and materials procurement framework agreement with Huaibei Mining Group on 21 November 2025 (the “**Coal and Materials Procurement Framework Agreement**”), pursuant to which the Company may from time to time procure from Huaibei Mining Group and/or its associates coal and auxiliary materials for production, which will be used in the daily business operation of the Company.

The initial term of the Coal and Materials Procurement Framework Agreement commenced on the Listing Date until 31 December 2027, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

The Company will separately enter into specific agreements with Huaibei Mining Group and/or its associates which will set out the specific terms and conditions, including types of coal and/or materials, standards and specifications, quantity and quality required, fees and payment methods of products provided by Huaibei Mining Group and/or its associates.

Pricing terms

The price for coal is calculated by multiplying the unit price by actual weight. The unit price of coal shall be determined with reference to (i) market price and conditions; (ii) relevant local industry index prices, including but not limited to the BSPI (Bohai Rim Thermal Coal Price Index), the CCTD Qinhuangdao 5500 Kcal Comprehensive Transaction Price and the NCEI 5500 Kcal Comprehensive Price published by the National Coal Exchange Center; (iii) coal quality characteristics; and (iv) transportation costs. In addition, the Company will use quality adjustment mechanism (including parameters such as moisture, sulfur percentage, volatile matter, ash content and calorific value) to determine the price of coals.

The prices for each type of auxiliary materials for production will be determined with reference to (i) the prevailing market price of such material; and the price of such material provided by independent third parties to the Company.

For the purpose of ascertaining market prices, the procurement team of the Company will (i) conduct public bidding procedure in which at least three bidders (including bidders that are independent third parties) will participate. Our Company will review and evaluate terms and conditions (including pricing of relevant materials) submitted by the bidders and select the most favourable terms to the Company; or (ii) conduct price inquiry and obtain quotations from at least two providers that are independent third parties. This would ensure that the terms provided by Huaibei Mining Group and/or its associates are no less favourable to the Company than those provided by independent third parties.

Directors' Report

Reasons for the transactions

During the Reporting Period, the Company has been purchasing coal and auxiliary materials for production from Huaibei Mining Group and/or its associates for daily business operation. Given the long-term cooperation between the Company and Huaibei Mining Group and/or its associates, Huaibei Mining Group and/or its associates are very familiar with the Company's production and operation requirements. In addition, the close proximity of Huaibei Mining Group and/or its associates will improve the transportation efficiency of coal and materials. The Directors consider that procurement of coal and materials from Huaibei Mining Group and/or its associates would allow the Company to benefit from the consistent quality and supply of the coal and auxiliary materials for production provided by Huaibei Mining Group and/or its associates.

During the Reporting Period, the transaction amounts under the Coal and Materials Procurement Framework Agreement were RMB2,024 thousand, where the relevant annual cap was RMB2,500 thousand.

For details of the above transactions, please refer to the section headed "Connected Transactions" in the Prospectus.

Non-exempt Continuing Connected Transactions Subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements

The Company has entered into the following transactions which the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. *Procurement of natural gas*

Parties:

CR Gas; and

The Company

Principal terms

The Company entered into a natural gas procurement agreement with CR Gas on 28 October 2023 (the "**Natural Gas Procurement Framework Agreement**"), pursuant to which the Company may from time to time procure natural gas from CR Gas as a heat source for its daily production and operation.

Directors' Report

The term of the Natural Gas Procurement Framework Agreement remained effective from 28 October 2023, but would not extend beyond 31 December 2025, unless renewed by mutual agreement by the parties and compliance with all applicable laws and regulations. As a public utility service provider, CR Gas would normally enter into standard natural gas procurement agreements for a term of one year with all its customers to satisfy the public demand, and the Company has entered into the natural gas procurement agreements with CR Gas per annum for the last seven years.

The Company will separately enter into specific agreements with CR Gas which will set out the specific terms and conditions, including standards and specifications of the natural gas, quantity and quality required, fees and payment methods.

Pricing terms

The price of natural gas is determined based on (i) the official sales price of natural gas for non-residential use published by the government price administration authority, subject to adjustment from time to time, and (ii) a tiered discount policy applicable to clients with large consumption volume agreed by the parties, resulting in more favorable gas price for the Company compared to other non-residential gas users.

CR Gas is the only natural gas supplier in Huaibei City. The pricing and other terms of its gas supply are under strict supervision of local government price administration authority. As required by local laws and regulations, the pricing and terms provided by CR Gas to the Company are no less favourable than those provided by CR Gas to other similar gas users.

Reasons for the transactions

CR Gas is the only natural gas supplier in Huaibei City. During the Track Record Period, the Company has been procuring natural gas from CR Gas as a heat source for our daily production and operation. Given our long-term cooperation with CR Gas, CR Gas is very familiar with our production needs and capable of meeting our operation requirements. In addition, the close proximity of CR Gas will improve the transportation efficiency and reduce costs of natural gas. The Directors consider that procurement of natural gas from CR Gas would allow us to benefit from the consistent quality and supply of the natural gas provided by CR Gas.

During the Reporting Period, the transaction amounts under the Natural Gas Procurement Framework Agreement were RMB18,235 thousand, where the relevant annual cap was RMB20,000 thousand.

For details of the above transactions, please refer to the section headed "Connected Transactions" in the Prospectus. As the corresponding annual cap under the Natural Gas Procurement Framework Agreement has expired on 31 December 2025, and the Company anticipates entering into specific transactions under the aforementioned Natural Gas Procurement Framework Agreement from time to time in the future, the Company entered into a new natural gas procurement framework agreement with CR Gas on 16 January 2026 (after trading hours). For details, please refer to the announcements dated 16 January 2026 and 13 February 2026 and the circular dated 29 January 2026 of the Company.

Directors' Report

Confirmation from the Directors

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of the Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Internal Control Measures to Safeguard Shareholders' Interests

In order to further safeguard the interests of the Shareholders as a whole, the Company has implemented or will implement the following internal control measures in relation to the continuing connected transactions:

- (a) The Company has approved internal guidelines, which stipulate that if the value of any proposed connected transaction is expected to exceed certain minimum amounts, the relevant staff must report such proposed transactions to the head of the relevant business in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules. The Board and other internal departments of the Company will be jointly responsible for evaluating the terms under the framework agreements for the Company's continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;
- (b) The Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Company in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap;
- (c) When considering the fees and amounts payable by the Company in respect of transactions, services or goods provided by its connected persons, the Company will regularly review and consider the prevailing market conditions and practices, and make reference to the pricing and terms between the Company and independent third parties for comparable services or similar transactions (if available), to ensure that the terms and conditions offered by/to its connected persons based on commercial negotiations are fair and reasonable and are based on normal commercial terms or no less favorable terms to the Company; and

Directors' Report

- (d) When considering any renewal or revision to the agreements, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, the Company will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

Annual Review

The independent non-executive Directors of the Company have reviewed the nature and process of the continuing connected transactions, discussed the pricing policies of those transactions, and confirmed that these continuing connected transactions of the Company have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or better; and (iii) on the terms of the agreement for the transaction that are fair and reasonable and in the interest of the Company and Shareholders as a whole.

The Company has engaged its auditors to report on the Company's continuing connected transactions in accordance with the Assurance Engagements Other than Audits or Reviews of Historical Financial Information of Hong Kong Standard on Assurance Engagements 3000 issued by the Hong Kong Institute of Certified Public Accountants, and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditors have issued their letter containing their conclusions, in respect of the above-mentioned continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules.

In respect of the continuing connected transactions disclosed (the "**Disclosed Continuing Connected Transactions**"), the Company have confirmed that:

- a. nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Company, nothing has come to their attention that causes them to believe that the transactions have not, in all material respects, been in accordance with the pricing policies of the Company;
- c. nothing has come to their attention that causes them to believe that the transactions have not been entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions set out in the letter, nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have exceeded the annual caps in respect of each of the Disclosed Continuing Connected Transactions.

The auditors' letter has been submitted to the Board of the Company.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

The Company will enter into contracts with each Director, in respect of (among others) (i) compliance with relevant laws and regulations; and (ii) compliance with the Articles of Association.

Save as disclosed above, none of the Directors has entered into any service contracts as a Director with the Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of remuneration of Directors, senior management and the five highest paid individuals are set out in note 8, note 9 and note 31 to the financial statements respectively. Pursuant to Section E.1.5 of the Corporate Governance Code, the remuneration of senior management members for the year ended 31 December 2025 is set out below by band:

Remuneration bands	Number of individuals
HK\$0 to HK\$500,000	5
HK\$500,001 to HK\$100,000,000	3

None of the Directors waived or agreed to waive any remuneration and there was no remuneration paid by the Company to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Company, or as compensation for loss of office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "connected transactions" of this annual report and note 31 to the financial statements, no contract of significance was entered into between the Company and a Controlling Shareholder or any of its subsidiaries for the year ended 31 December 2025.

Directors' Report

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors was engaged in, or had interest in, any business which competed or was likely to compete, either directly or indirectly, with the business of the Company and was required to be disclosed under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company was a party at any time during the Reporting Period, to enable the Directors and chief executive to acquire benefits by means of the acquisition of Shares in or debt securities (including debentures) of the Company or any other corporations.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS OR CHIEF EXECUTIVE IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2025, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

To the knowledge of the Directors, as of 31 December 2025, the following persons (other than Directors and chief executives of the Company) had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares held ¹	Approximate percentage of interest in the Company as of 31 December 2025 ²	Approximate percentage to relevant Share class as of 31 December 2025
Huaibei Mining Group ¹	Beneficial interest	Domestic Shares	41,820,759	43.03%	57.37%
	Interest in a controlled corporation	Domestic Shares	2,007,299	2.07%	2.75%
Anhui Energy Group ²	Interest in a controlled corporation	Domestic Shares	43,828,058	45.09%	60.13%

Directors' Report

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares held ¹	Approximate percentage of interest in the Company as of 31 December 2025 ²	Approximate percentage to relevant Share class as of 31 December 2025
Huaibei Jiaotou	Beneficial interest	Domestic Shares	29,066,258	29.91%	39.87%
Huaibei Jiantou Holding ³	Interest in a controlled corporation	Domestic Shares	29,066,258	29.91%	39.87%
Gao Jie (高潔) ⁴	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Degao Mining Technology Limited (德高礦山科技有限公司) ⁴	Beneficial interest	H Shares	1,491,500	1.53%	6.14%
Anhui Degao Mining Technology Limited (安徽德高礦山科技有限公司) ⁴	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Gao Qixing (高岐行) ⁵	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Sun Jinrong (孫進榮) ⁵	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Hong Kong Jinyuan Industry and Trade Limited (香港金源工貿有限公司) ⁵	Beneficial interest	H Shares	1,491,500	1.53%	6.14%
Huaibei Jinyuan Industry and Trade Limited (淮北金源工貿有限責任公司) ⁵	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Shanghai Chuangli Group Co., Ltd. (上海創力集團股份有限公司) ⁶	Interest in a controlled corporation	H Shares	3,390,000	3.49%	13.95%
Chuangli (Anhui) Mining Mechanics Manufacturing Co., Ltd. (創力(安徽)礦山機械製造有限公司) ⁶	Interest in a controlled corporation	H Shares	3,390,000	3.49%	13.95%
Hong Kong Chuangli Yingtai Investment Limited (香港創力贏泰投資有限公司) ⁶	Beneficial interest	H Shares	3,390,000	3.49%	13.95%
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司) ⁷	Interest in a controlled corporation	H Shares	4,068,000	4.19%	16.74%
Pingmei Shenma (Hong Kong) International Investment Limited (平煤神馬(香港)國際投資有限公司) ⁷	Beneficial interest	H Shares	4,068,000	4.19%	16.74%

Directors' Report

Notes:

1. As of 31 December 2025, Wanhui Investment holds approximately 2.07% of equity interest in the Company, and Huaibei Mining Group holds 100% of the equity interest in Wanhui Investment. Therefore, Huaibei Mining Group is deemed to be interested in the Shares held by Wanhui Investment in the Company under the SFO.
2. As of 31 December 2025, Huaibei Mining Group is directly owned by Anhui Energy Group as to 37.04%. Therefore, Anhui Energy Group is deemed to be interested in the Shares held by Huaibei Mining Group in the Company under the SFO.
3. As of 31 December 2025, Huaibei Jiaotou is wholly owned by Huaibei Jiantou Holding. Therefore, Huaibei Jiantou Holding is deemed to be interested in the Shares held by Huaibei Jiaotou in the Company under the SFO.
4. As of 31 December 2025, Degao Mining Technology Limited holds 1,491,500 H Shares of the Company, which is wholly owned by Anhui Degao Mining Technology Limited, which in turn is owned by Gao Jie as to 95%.
5. As of 31 December 2025, Hong Kong Jinyuan Industry and Trade Limited holds 1,491,500 H Shares of the Company, which is wholly owned by Huaibei Jinyuan Industry and Trade Limited, which is in turn owned by Gao Qixing as to 54.68% and owned by Sun Jinrong as to 45.32%.
6. As of 31 December 2025, Hong Kong Chuangli Yingtai Investment Limited holds 3,390,000 H Shares of the Company, which is wholly owned by Chuangli (Anhui) Mining Mechanics Manufacturing Co., Ltd., which in turn is wholly owned by Shanghai Chuangli Group Co., Ltd.
7. As of 31 December 2025, Pingmei Shenma (Hong Kong) International Investment Limited holds 4,068,000 H Shares of the Company, which is wholly owned by China Pingmei Shenma Holding Group Co., Ltd.

Save as disclosed above, as of 31 December 2025, the Directors were not aware of any other person (other than Directors and chief executives of the Company) who had any interest and/or short position in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

PENSION SCHEME

Details of the pension scheme are set out in note 6 to the financial statements.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no litigation or arbitration matter which had a significant impact on the operating activities.

Directors' Report

MATERIAL CONTRACTS

Save as disclosed in the section headed “Connected Transactions” in this annual report, during the Reporting Period, (i) no contract of significance was entered into by, and/or subsisted between the Company with its Controlling Shareholders or any of its subsidiaries; and (ii) there was no contract of significance in relation to provision of services by the Controlling Shareholders or any of its subsidiaries to the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, or existed for the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors so far, as of the Latest Practicable Date, the Company has maintained the public float of 25% required by the Listing Rules.

MANAGEMENT CONTRACTS

Except for the Directors' service contracts, there was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed for the year ended 31 December 2025.

Directors' Report

ENVIRONMENTAL POLICIES AND PERFORMANCE

During the Reporting Period and up to the Latest Practicable Date, the Company strictly abided by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Law of the PRC on Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》), the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), the Regulations on Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) and other relevant environmental laws and regulations. It is committed to fulfilling the corporate responsibility for environmental protection and creating a sustainable society where man and nature live in harmony. The nature of the Company's products does not involve the "high pollution and high environmental risk (高污染、高環境風險)" product list included in the Comprehensive Directory of Environmental Protection (《環境保護綜合名錄》) released by the Ministry of Ecology and Environment of the People's Republic of China (中華人民共和國生態環境部) in 2021.

In order to systematically address the various environmental issues that may arise from the Company's operations, the Company has set up a green management leading group to coordinate its environmental protection work. The Company has also formulated a number of rules and regulations, such as the "Criteria for Handling Environmental Incidents", "List of Environmental Responsibilities at Various Levels", "Solid Waste Pollution Prevention and Control Management Measures", "Environmental Facilities Management System", "Implementation Plan for Ecological and Environmental Protection", which set out the detailed procedures for the implementation of various environmental protection measures and are updated from time to time.

The Company has taken a number of steps to fulfill its environmental obligations, including but not limited to:

- Energy conservation and emission reduction: actively promote the use of clean energy and implement technological transformation to enhance the energy efficiency of equipment and increase the proportion of renewable energy to gradually reduce the use of fossil fuels;
- Pollutant management: entrust a qualified third-party organization to carry out regular monitoring on the solid waste, wastewater and waste gas generated from production and operations, and reasonably store the hazardous waste in accordance with the relevant standards and hand over to a qualified third party for proper disposal;
- Noise pollution prevention and control: regularly carry out noise source inspection, set up noise identification signs in a standardized manner, and regularly maintain noise reduction facilities to ensure the effect of noise reduction and eliminate noise exceeding the standard;
- Paperless office: promote a paperless office, online meetings and online approvals, control the amount of paper used, reduce paper waste and promote the use of electronic documents;

Directors' Report

- Green travel: encourage employees to use low-carbon modes of travel such as public transport, cycling or walking in their commute to reduce traffic pressure and air pollution;
- Environmental protection training: regularly carry out environmental protection training for all employees, covering key environmental protection areas such as energy conservation and carbon reduction, air pollution prevention and control, water pollution prevention and control, and pollutant control, so as to continuously improve employees' environmental awareness and ability; and
- Environmental risk management and control: formulate an Emergency Response Plan for Environmental Emergencies to deal with all kinds of major or mega environmental emergencies that may occur in a timely manner.

In addition, due to the rapid development of environmental laws and regulations and industry standards, the Company closely monitors the latest developments in regulations and standards and regularly updates its environmental policies and measures to ensure and uphold the highest standards. The Company is aware that its mining activities have impact on the natural environment and ecosystem to some extent. In the future, the Company will continue to review potential improvements in environmental management. For example, the Company strongly agrees with the recommendations of the Taskforce on Nature-Related Financial Disclosures (TNFD) on biodiversity conservation, and closely monitors biodiversity conservation management initiatives to align with the growing need for natural considerations in financial and business decisions. During the Reporting Period and up to the Latest Practicable Date, the Company has not been involved in any material environmental non-compliance, nor has it been involved in any environment-related penalties and litigations.

For details of the Company's environmental policies and performance, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

EMPLOYEE RIGHTS AND WELL-BEING

As of 31 December 2025, the Company had 350 full-time employees (31 December 2024: 352), most of whom were located in Huaibei, Anhui Province, the PRC.

The Company is committed to building a fair, equitable and inclusive employment environment. We strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations. To this end, the Company has established several internal policies, such as the Human Resources and Salary Management Measures and Measures for Performance Evaluation, which set out clear rules and regulations on remuneration and benefits, leave and welfare, the promotion system, working hours and skills allowances and are updated from time to time. After listing, we plan to further improve our anti-discrimination and anti-harassment systems and promote diversity and inclusiveness in the workplace, so as to provide a fair and equitable working environment for our employees, business partners and customers.

Directors' Report

The Company strictly prohibits the employment of child labor or forced labor in any of our business activities. The Company ensures full compliance with applicable regulations by contributing to social insurance, housing provident funds and supplementary medical insurance for all its employees in accordance with relevant regulations and provides them with paid leave entitlements. In addition, the Company attaches great importance to the physical and mental health of its employees and arranges annual health check-ups for all employees to ensure their well-being. In order to maintain a smooth communication mechanism, the Company provides employees with a platform to respond to their livelihoods that ensures that their complaints are handled in a confidential and appropriate manner, and that the confidentiality of the complainants is protected.

AUDITORS

For the year ended 31 December 2025, the Company's independent auditor was Ernst & Young. The financial statements contained in this annual report have been audited by Ernst & Young. The auditors of the Company have not changed since the Listing Date.

SUBSEQUENT EVENTS

Save as disclosed herein, since 31 December 2025 and up to the Latest Practicable Date, the Company did not have any material events.

By order of the Board
Anhui Jinyan Kaolin New Materials Co., Ltd.
Mr. Zhang Kuang
Chairman of the Board and Executive Director

Hong Kong, 20 March 2026

Environmental, Social and Governance Report

1 ABOUT THIS REPORT

1.1 Scope of the Report

This environmental, social and governance report (“**this Report**” or the “**Report**”) has been prepared by Anhui Jinyan Kaolin New Materials Co., Ltd. (“**Jinyan Kaolin**”, the “**Company**”) in response to stakeholders’ concerns regarding the Company’s sustainability performance. We firmly believe that integrating environmental, social and governance (“**ESG**”) principles into operations and business decisions is of strategic significance; the management has always attached great importance to ESG matters and uses relevant policies and measures as important bases for identifying, assessing, and managing ESG risks and opportunities, and will publish an ESG report annually in accordance with the provisions of Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

1.1.1 Basis for preparation

This Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “**Code**”) set out in Appendix C2 to the Listing Rules and discloses the ESG-related policies, initiatives, and performance of the Company during the Reporting Period as required by the Code.

1.1.2 Reporting period

This Report covers the period consistent with the 2025 annual report of the Company, namely from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”).

1.1.3 Reporting scope

This Report mainly covers the Company’s business activities in China. In terms of operational boundaries, it covers the Company’s core business segments, including but not limited to mining activities and related processing/production and supporting operations, warehousing, and logistics management related to operations. The entities and businesses required to be reported are determined by considering their environmental, social, and governance (ESG) significance as well as their impact on the Company’s operations, in order to collectively form a fair representation of the Company’s overall ESG performance.

Unless otherwise stated, the organizational scope of this Report is consistent with the consolidation scope of the financial statements of the Company’s annual report.

1.1.4 Forms and channels of publication

This Report will be published together with the annual report and will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company in accordance with the requirements of the Code, for shareholders and other stakeholders to review.

Environmental, Social and Governance Report

1.2 Reporting Principles

In order to enhance the readability, reviewability and comparability of the disclosure in this Report, the Company, during the process of determining and preparing the content, has followed a consistent preparation approach and presentation logic, and adopted the following four principles as the basis for writing and presenting the data:

- **Materiality:** This Report focuses on disclosing ESG issues that are highly relevant to the Company's business and stakeholders and have a substantial impact on the Company's sustainable development. The identification and prioritization of these issues will be determined through stakeholder communication, analysis of internal and external data and management review, and the analysis process and results will be presented in the section headed "Materiality Assessment" of this Report.
- **Quantitative:** The Company is committed to reflecting ESG management effectiveness through quantitative data, and, where feasible, discloses key performance indicators and their calculation basis to support an objective assessment of the Company's ESG performance; the relevant quantitative data and definitions will be disclosed in the main body of this Report.
- **Balance:** When preparing this Report, the Company strives to present ESG performance in an objective manner, and, where feasible, to disclose both positive progress and areas for improvement, thereby providing stakeholders with more comprehensive and neutral information.
- **Consistency:** The Company is committed to ensuring consistency between reporting standards and data collection and calculation methods, and to providing relevant data for each reporting year to support meaningful comparisons across years.

1.3 Stakeholder Communication

The Company values ongoing communication with stakeholders and believes that effective two-way communication helps us better understand the perspectives and expectations from all parties regarding the operations and sustainability performance of the Company, thereby providing a reference for the Company's strategy formulation and management priorities, and also serving as a basis for determining and disclosing the contents of this Report.

(I) Stakeholder identification

The stakeholders of the Company are identified and determined based on factors such as the extent to which they are affected by the Company's activities, their relationship with the Company, and their influence on the achievement of the Company's business objectives. In terms of the Company's business, the primary stakeholders include employees, customers, value chain partners, shareholders and investors, industry associations, as well as local communities, governments, and regulatory agencies.

Environmental, Social and Governance Report

(II) *Communication methods and channels*

The Company is committed to maintaining continuous communication with key stakeholders to understand their concerns and interests regarding the operations and sustainable development performance of the Company, and collecting opinions and feedback through various channels, including (but not limited to): annual general meetings, disclosure of financial reports and announcements, electronic channels, supplier visits, customer feedback, and employee surveys.

(III) *Feedback integration and application*

The opinions obtained from stakeholder communication will be consolidated and analyzed by the management and relevant functional departments, and used to (i) identify and review the Company's ESG risks and opportunities; (ii) determine the management priorities of key issues; and (iii) improve relevant policies, measures, and disclosure content.

In terms of materiality assessment, the Company has collected opinions from internal and external stakeholders through surveys and other means, and has appointed an external third party to assist in carrying out the assessment, in order to gain a more comprehensive understanding of stakeholder concerns and support the identification and prioritization of significant issues (details of the materiality assessment will be disclosed in the section headed "ESG Materiality Assessment").

2 BOARD STATEMENT AND ESG GOVERNANCE FRAMEWORK

2.1 Board Statement

The board of Directors of the Company (the "**Board**") hereby declares that it bears ultimate responsibility for the environmental, social, and governance ("**ESG**") strategies, management, and annual disclosure of the Company, and incorporates sustainability-related issues into the Company's overall governance and decision-making processes. Through the established ESG governance mechanisms, the Board coordinates the Company's sustainability efforts, ensuring that ESG work strikes an appropriate balance between compliance requirements and long-term value creation.

(I) *The Board's oversight on ESG matters*

The Board is responsible for providing guidance on the Company's ESG management direction and supervising the implementation of relevant policies and measures; the Board also reviews the annual "Corporate Governance Report" and "Environmental, Social and Governance Report" and approves their disclosure.

To maintain the Board's ongoing attention to ESG work, the Board reviews ESG work at least once a year and convenes additional meetings on related matters as needed; at the same time, the Board also pays attention to the training and continuous professional development arrangements for Directors and senior management in ESG-related areas.

Environmental, Social and Governance Report

(II) ESG management policy and strategy

The Company adopts a working model of “Board oversight – Management coordination – Cross-departmental implementation” to advance ESG management. With the support of the ESG Working Group, the Board identified and organized ESG issues that have a substantial impact on the Company based on the Company’s operational characteristics and stakeholder concerns, and prioritized materiality issues and their related risks to establish annual work focus and resource allocation directions.

In terms of management processes, the Company generally operates according to the following logic:

- **Issue identification:** The ESG Working Group consolidates internal and external information (including regulatory trends, operational risks, stakeholder concerns, etc.) to form a list of issues;
- **Risk assessment and prioritization:** Regularly assess ESG risks and improve related internal control arrangements, submitting analysis and recommendations to the Board;
- **Formulation and implementation of measures:** Formulate/review ESG frameworks, strategies, policies, and procedures, promote the implementation of various measures in business departments, and continuously optimize them;
- **Reporting and disclosure:** Complete and review the annual ESG report, ensuring the accuracy, completeness, and timeliness of disclosed information, and submit it to the Board for review.

(III) Review progress and the relation to business according to ESG goals

The Board regularly reviews reports from the ESG Working Group and management to examine the Company’s management progress and implementation on key ESG matters, and provides guidance on optimization measures and resource allocation when necessary.

When reviewing progress, the Board will pay special attention to issues that are closely related to the Company’s operations and may impact the stable operation of the business and compliance management, including (but not limited to) environmental and social compliance, occupational health and safety, supply chain compliance requirements, anti-corruption, and whistleblowing mechanisms, and will ensure that related policies and management arrangements support the Company’s long-term sustainable development.

Environmental, Social and Governance Report

2.2 ESG Governance Structure

The Company has established an ESG governance framework to clearly define the division of responsibilities and operational mechanisms at various levels, and to enhance the implementation efficiency and continuous improvement capability of ESG management through institutionalized arrangements. During the Reporting Period, the Company has also formulated and implemented the Environmental, Social and Governance Policies and Procedures Manual 《環境·社會及管治政策及程序手冊》, which regulates the responsibilities, composition, and working procedures of the Board and the ESG Working Group.

(I) *The Board*

The Board is responsible for providing direction on ESG policies, goals, and strategies, overseeing the implementation of ESG policies, and reviewing and approving annual ESG-related disclosures.

(II) *ESG Working Group*

The ESG Working Group serves as the main platform for coordinating and implementing ESG work within the Company. It is led by the general manager as the team leader, with the deputy general manager as the deputy team leader, and comprises heads of various departments to cover the Company's key internal business areas. The core functions of the ESG Working Group include formulating and reviewing ESG frameworks and policy procedures, organizing and coordinating ESG-related work, regularly assessing ESG risks and improving internal controls, conducting materiality assessments and submitting recommendations to the Board, as well as consolidating data and information to complete the annual ESG report and ensure the quality of disclosures.

(III) *Business departments*

Each functional and business department implements ESG-related policies and measures according to its scope of responsibilities, cooperates with the ESG Working Group in data collection, provides feedback on implementation, and continuous improvement; the ESG Working Group will also follow up and assess the implementation of each department to enhance overall management effectiveness.

Environmental, Social and Governance Report

3 ESG MATERIALITY ASSESSMENT

3.1 Methods for Materiality Assessment

The Company fully understands that stakeholders' opinions and expectations are of significant reference value for the Company's business development, strategy formulation, and resource allocation. To gain a more comprehensive understanding of stakeholders' concerns and respond to their reasonable expectations, we maintain continuous communication with key stakeholders, including employees, customers, value chain partners, shareholders and investors, as well as industry associations, and provide appropriate responses to important issues related to the Company's operations and sustainable development, in order to assist the Company in identifying and assessing the potential impacts of environmental and social-related risks.

To determine ESG issues that have a material impact on the Company's operations and their management priorities, the Company appointed an external third party to assist in conducting a materiality assessment. During the assessment process, we combined our own business characteristics and industry situation, referred to the relevant disclosure requirements of the Stock Exchange, and integrated sustainable disclosure standards from the International Sustainability Standards Board ("**ISSB**"), Global Reporting Initiative ("**GRI**"), Morgan Stanley Capital International ("**MSCI**"), and Sustainability Accounting Standards Board ("**SASB**"), as well as key industry issues, and materiality matrices. This allowed us to first form an issue repository and conduct a preliminary screening, thereby identifying 21 material issues to serve as the basis for subsequent stakeholder engagement and verification.

In terms of stakeholder engagement arrangements, the Company distributed surveys to stakeholders based on these 21 issues to collect opinions and further identify key ESG issues. Internally, we mainly gathered feedback from senior management and employees; externally, we covered customers, value chain partners, shareholders and investors, community members and the public, media, industry associations, charitable organizations, as well as government/regulatory agencies, to ensure that the assessment results reflect the perspectives and concerns of different stakeholder groups.

3.2 Materiality Matrix

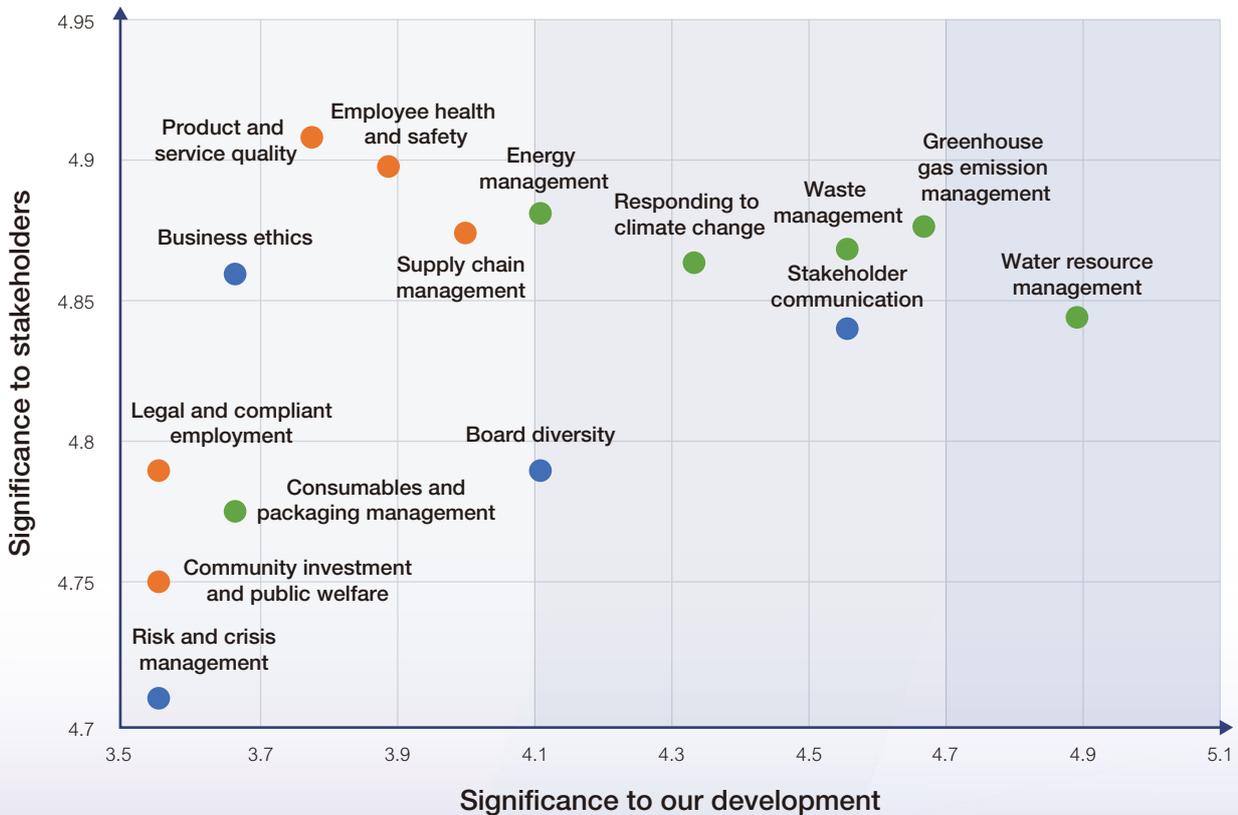
After completing the materiality assessment, we conducted a comprehensive scoring and ranking to the identified material issues based on the two dimensions of "significance to our development" and "significance to stakeholders", and on this basis, we determined the following ten issues as the most significant material issues, serving as the basis for ESG management priorities, resource allocation, and the key points of disclosure in this Report.

- Water resource management
- Greenhouse gas emission management

Environmental, Social and Governance Report

- Waste management
- Stakeholder communication
- Responding to climate change
- Energy management
- Board diversity
- Supply chain management
- Employee health and safety
- Product and service quality

ESG Materiality Assessment of Jinyan Kaolin



Environmental, Social and Governance Report

The following table sets out the significant ESG issues we have identified and their potential impacts, and outlines the preliminary mitigation measures currently taken or planned:

Material ESG issues	Potential risks, impacts and opportunities	Mitigation actions
Energy use and resource management risk	With the continuous improvement of energy management-related regulations and policies, the operation side may need to bear additional compliance and cost pressures due to energy transition and adjustments in the energy structure. At the same time, the promotion of a circular economy may increase the demand for improved energy efficiency in production processes and the recycling of water use, thereby bringing challenges of rising equipment renovation and operational costs. On the other hand, renewable energy incentive policies enhance the availability and application conditions of related energies, providing opportunities to reduce dependence on fossil fuels and optimize the energy cost structure.	<ul style="list-style-type: none"> • We have established energy management systems for coal, electricity, and oil usage, and set up a metering management mechanism to advance energy management work; at the same time, we continuously eliminate outdated and high-energy-consuming equipment, optimize production lines, and introduce an online energy consumption monitoring platform to improve refined management levels; • We gradually increase the use of renewable energy, mainly solar energy, to promote a reduction in fossil fuel consumption; and • We strengthen the management of water and soil impacts during project implementation, improve mine water purification treatment, and promote the recycling and reuse of mine water, rainwater, and cooling water.



Environmental, Social and Governance Report

Material ESG issues	Potential risks, impacts and opportunities	Mitigation actions
Environmental protection risk	Stricter environmental regulations and higher emission standards may drive companies to increase investments in pollution prevention and daily management, thereby putting pressure on operating costs. Failure to continuously comply with environmental protection requirements may lead to compliance risks and adversely affect reputation and environmental credit performance, which in turn could weaken market competitiveness and external trust.	<ul style="list-style-type: none">• We regularly commission qualified third parties to monitor exhaust gas, wastewater, solid waste, and noise to ensure the traceability of emission management; at the same time, we have established an environmental management leadership mechanism and complemented it with relevant systems, clearly defining responsibilities and management procedures, while continuously increasing environmental investment and internal promotion efforts to enhance the environmental awareness and execution ability of all personnel.

Environmental, Social and Governance Report

Material ESG issues	Potential risks, impacts and opportunities	Mitigation actions
Supply chain management risk	<p>Price and supply uncertainty on the supply side may put pressure on the stable procurement of raw materials and delivery schedules, thereby affecting production arrangements, fulfillment progress, and quality stability. If the supplier management system fails to continuously improve (including admission controls, performance evaluations, and ongoing supervision) or lacks sufficient coverage of requirements regarding compliance, business ethics, and environmental management, it may lead to risks such as compliance disputes, reputational damage, and operational disruptions. On the other hand, through more systematic supply chain governance and responsible procurement arrangements, establishing a more transparent and controllable supplier management mechanism can help enhance supply security and compliance levels, address customer and other stakeholder concerns about ESG performance, thereby reducing related loss risks and strengthening competitiveness.</p>	<ul style="list-style-type: none"> We have established a full lifecycle supply chain management system covering supplier admission, classification and evaluation, and business ethics requirements to support the stable operation of products, services, and quality; at the same time, we continuously incorporate responsible supply chain management into our mid- to long-term work plans, promoting alignment between suppliers and the Company's sustainable development direction in terms of environmental, social, and business ethics practices.



Environmental, Social and Governance Report

Material ESG issues	Potential risks, impacts and opportunities	Mitigation actions
General Labor Risks	<p>If employee rights and welfare protections are insufficient, or if training and career development support are inadequate, it may weaken the effectiveness of human resource management and increase the risk of employee turnover and decreased productivity, thereby affecting operational efficiency and the stability of key talent. Conversely, a well-established talent cultivation and development mechanism can help enhance employee retention and organizational capabilities, supporting long-term stable operations.</p>	<ul style="list-style-type: none"> The Company will continue to improve employee welfare arrangements and establish a more systematic and effective career development and training mechanism to enhance employees' knowledge and skill levels; at the same time, the Company will promote multi-skilling cultivation to expand career development paths, further strengthen the ability to attract and retain key talent, thereby reducing the risk of talent turnover.
Occupational health and safety	<p>Given that some employees are engaged in mine-related operations, failing to continuously provide work conditions that are controllable in terms of risk, safety, and health may increase hidden dangers of accidents and the risk of occupational diseases, and lead to potential impacts on employment stability, reputation, and additional costs. Strengthening occupational safety and health management and health protection helps improve operational safety levels and employee protection and supports operational stability.</p>	<ul style="list-style-type: none"> Arrange regular health check-ups for employees and give more comprehensive attention to the health protection of female employees; For risks that may be involved in underground mining operation, such as dust, high temperatures, and toxic and harmful substances, strictly follow relevant regulatory requirements when arranging positions to avoid assigning female employees to unsuitable high-risk jobs; and Provide more targeted health protection arrangements for female employees in occupational health management, such as regular specialized screenings for breast cancer and cervical cancer to strengthen health protection.

Environmental, Social and Governance Report

4 ENVIRONMENT

4.1 Emissions

4.1.1 Greenhouse gas emissions

During the Reporting Period, the greenhouse gas emissions disclosed by the Company mainly covered two categories: Scope 1 (direct emissions), which are emissions generated from the operation of equipment owned or controlled by the Company and the fuel consumption of its own vehicles; and Scope 2 (indirect emissions), which are emissions corresponding to the use of purchased electricity.

As of the end of the Reporting Period, our greenhouse gas emissions are set out as follows:

Category	Unit	For the year ended 31 December		
		2023	2024	2025
Total greenhouse gas emissions	tons of CO ₂ equivalent	56,360.34	75,105.64	88,070.01
Greenhouse gas emission intensity	tons of CO ₂ equivalent/ million RMB of revenue	275.35	281.15	323.69
– Scope 1 ¹	tons of CO ₂ equivalent	41,719.89	56,500.71	69,585.16
– Scope 2 ²	tons of CO ₂ equivalent	14,640.45	18,604.93	18,484.85

In terms of Scope 3 (other indirect emissions), given that it involves data collection across multiple segments of the value chain and the standardization of methodology, we are evaluating the relevant work arrangements and plan to gradually carry out the disclosure of the quantitative information of Scope 3 emissions and related targets in the coming fiscal year.

¹ Scope 1 direct emissions include greenhouse gas emissions from the use of natural gas, raw coal, diesel and petrol. The calculation methodology is derived from Appendix II of the Guidelines on How to Prepare an ESG Report (the “**Guidelines**”) issued by the Stock Exchange, and the emission factors used are derived from the Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions from Mining Enterprises (《**礦山企業溫室氣體排放核算方法與報告指南**》) issued by the National Development and Reform Commission of the People’s Republic of China.

² Scope 2 indirect emissions refer to the greenhouse gas emissions from the use of purchased electricity, and the calculation methodology is from Appendix II of the Guidelines. The data for 2023 and 2024 follow the disclosure criteria in the Prospectus, using the nationwide average CO₂ emission factor for electricity in 2022 (0.5366 kg CO₂/kWh) published by the Ministry of Ecology and Environment; for 2025, the updated nationwide average CO₂ emission factor for electricity in 2023 (0.5306 kg CO₂/kWh) published by the Ministry of Ecology and Environment is adopted. Since updates to the emission factor may affect comparability across periods, readers should consider this factor when interpreting year-on-year changes.

Environmental, Social and Governance Report

During the Reporting Period, the Company continuously promoted energy conservation and emission reduction efforts, focusing on reducing Scope 1 and Scope 2 greenhouse gas emissions generated from daily production and operational activities. On one hand, we control emission increases by continuously optimizing energy use and improving energy management levels; on the other hand, we promote gradual energy structure transformation, increasing the use of renewable energy represented by solar power to reduce reliance on fossil fuels and improve the energy consumption structure.

We have set greenhouse gas emission reduction targets, using the year ending 31 December 2023 as the base year, and strive to reduce the intensity of Scope 1 and Scope 2 greenhouse gas emissions by 5% by 2030 compared to the 2023 level.

4.1.2 Exhaust emissions

The Company's exhaust emissions mainly come from kiln processes and boiler operations, with the major pollutants involved including particulates, sulfur dioxide, and nitrogen oxides. We have obtained emission permits issued by the local regulatory authorities in accordance with relevant regulations, and we manage and monitor the emission outlets in accordance with the requirements of the permits.

As of the end of the Reporting Period, our exhaust emissions are set out as follows:

Category	Unit	For the year ended 31 December		
		2023	2024	2025
Particulates	ton	4.39	2.63	1.02
Sulfur dioxide	ton	4.54	2.48	4.08
Nitrogen oxides	ton	8.77	5.21	4.03

The Company has established monitoring and control measures for major air pollutants and has strengthened the operation management of treatment facilities and particulate control with reference to the Integrated Emission Standards of Air Pollutants and the Emission Standards of Air Pollutants for Industrial Kilns and Furnaces. At the same time, we commission professionally qualified third-party institutions to regularly monitor sulfur dioxide, nitrogen oxides, and particulates in exhaust gases to ensure that emissions meet relevant standards. To improve collection and treatment efficiency, we continuously optimize the configuration of treatment facilities, adding mobile welding fume purifiers and flue gas purification devices, and use integrated desulfurization, denitrification, and dust removal equipment to treat kiln flue gases generated during the calcination process, ensuring that the treated emissions meet the standards.

Our target is, using the year ending 31 December 2023 as the base year, to reduce the main emissions of particulates, sulfur dioxide, and nitrogen oxides per million RMB of revenue by 2% by 2030 compared to the 2023 level.

Environmental, Social and Governance Report

4.1.3 Solid waste management

During the Reporting Period, our solid waste mainly included general solid waste and a small amount of hazardous waste. The categories of hazardous waste covered used denitration catalysts, waste oil drums, and waste packaging materials. We have classified and managed different types of solid waste in accordance with relevant regulations and, where feasible, promoted reduction and standardized disposal to minimize potential environmental impacts.

In terms of management measures, the Company refers to the Standards for Pollution Control on the Storage and Landfill of General Industrial Solid Waste and the Standards for Pollution Control on the Storage of Hazardous Waste, and has formulated the Solid Waste Pollution Prevention and Control Management System and the Hazardous Waste Pollution Prevention and Control Management System accordingly. This strengthens management requirements such as solid waste ledgers, dedicated storage areas, and incident reporting, ensuring that solid waste collection, storage, and disposal comply with applicable laws and regulations.

As of the end of the Reporting Period, our solid waste emissions are set out as follows:

Category	Unit	For the year ended 31 December		
		2023	2024	2025
Total solid waste	ton	14,946.58	8,190.06	14,227.29
– Total general solid waste	ton	14,939.46	8,185.81	14,218.28
– Total hazardous waste	ton	7.12	4.25	9.01

Through institutionalized management and daily supervision, the Company is committed to minimizing the potential impacts of solid waste on the environment and health. In terms of general solid waste management, we ensure its disposal complies with applicable laws and regulations, and categorize, sort, and properly store waste generated from surface and underground operations, and dispose of it in a timely manner according to actual conditions to prevent pollution spread; at the same time, we entrust qualified third parties to regularly carry out solid waste-related monitoring. General solid waste is either comprehensively reused by us according to its category or properly disposed of by third parties; additionally, we promote resource utilization by recycling kiln tail ash and iron-extracted tailings as raw materials, pressing them into bricks through a no-burn process to enhance the overall utilization level of general solid waste.

Environmental, Social and Governance Report

In terms of hazardous waste management, the hazardous waste we generate mainly includes waste lead-acid batteries, waste catalysts, waste engine oil, and hazardous waste packaging barrels. We implement corresponding management measures in various operational processes to regulate the management of hazardous waste and related hazardous chemicals during use, storage, and transportation. This includes establishing a hazardous waste warehousing and ledger management system, setting up dedicated storage areas and categorizing them by type; regularly inspecting and maintaining hazardous waste storage sites and facilities, timely cleaning the floor, and replacing damaged or potentially leaking containers and packaging; and entrusting qualified third-party institutions to carry out centralized collection and compliant disposal to ensure that the full process management of hazardous waste is controlled and traceable.

We have set targets for waste management, using the year ending 31 December 2023 as the base year, we strive to reduce the volume of general solid waste generated per million RMB of revenue by 5% by 2030 compared to the 2023 level; at the same time, we will maintain and ensure that 100% of hazardous waste be disposed of in compliance with applicable regulations.

4.2 Resource Use

4.2.1 Environmental responsibility

The Company attaches great importance to environmental compliance and environmental management. During the Reporting Period, the Company has consistently conducted operation and management in accordance with relevant environmental laws and regulations in Mainland China, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Noise Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Evaluation of Environmental Effects, and the Regulations on Administration of Permitting of Pollutant Discharges. The Company continuously promotes pollution prevention, emission control, and environmental risk prevention efforts, striving to effectively fulfill corporate environmental protection responsibilities in daily operations and to promote harmonious coexistence between humans and nature as well as sustainable development.

Environmental, Social and Governance Report

To strengthen the coordination and implementation of environmental management, we have established an Environmental Management Leadership Group, responsible for coordinating and promoting environmental protection-related work. We have also established and continuously improved a series of management systems and operating procedures to form a relatively complete institutionalized management system. Relevant systems include the Standards for Grading and Handling Environmental Incidents, the List of Environmental Responsibilities at Various Levels, the Management Measures for Prevention and Control of Solid Waste Pollution, the Environmental Facilities Management System, and the Implementation Plan for Ecological and Environmental Protection, etc. These regulations will be updated in a timely manner according to regulatory requirements and operational needs, clarifying the division of responsibilities, management processes, and execution requirements of various environmental protection measures to support the continuous improvement of environmental management work.

During the Reporting Period, we did not experience any major environmental compliance incidents, nor were we subjected to significant penalties or involved in major litigation due to violations of environmental laws and regulations.

4.2.2 Energy use

During the Reporting Period, our energy use mainly comprised two types: direct energy and indirect energy. Direct energy primarily consisted of fuels such as natural gas, raw coal, diesel, and petrol, while indirect energy mainly came from purchased electricity. The energy supply for production kilns was primarily coal-based, with kilns configured to use either natural gas or a combination of coal and natural gas. At the same time, adjustments and switches between different fuels were made according to production schedules and energy supply conditions. To ensure production stability, under specific operational arrangements, we moderately increased the load of kilns powered by coal, and for kilns capable of using dual fuels, the choice of fuel was made based on supply conditions. Such adjustments may have led to an increase in coal consumption and a corresponding decrease in natural gas usage.

In order to reduce greenhouse gas and air pollutant emissions and ensure compliance with applicable laws and regulations, the Company continuously enhances the environmental management capabilities of our kilns. We have equipped all kilns with desulfurization and denitrification systems, and installed a two-stage ceramic filter dust removal system on certain rotary kilns to improve dust removal efficiency. At the same time, we are promoting the technical transformation and upgrade of kilns that use coal as the sole fuel, and by December 2025, we have completed the relevant transformation work, enabling all production kilns to use natural gas as fuel.

Environmental, Social and Governance Report

As of the end of the Reporting Period, our energy consumption is set out as follows:

Category	Unit	For the year ended 31 December		
		2023	2024	2025
Natural gas	m ³	5,703,727.71	5,146,850.00	4,386,804.00
Raw coal	ton	13,976.70	21,637.63	28,833.37
Diesel	ton	124.97	159.84	103.85
Petrol	ton	13.62	15.44	14.74
Purchased electricity	kilowatt-hour (kWh)	27,283,723.87	34,671,875.00	34,837,630.00

At the same time, we have established and continuously improved energy-related management mechanisms, formulating and implementing a series of energy management systems and procedures (including management methods for thermal energy, electricity, coal, and oil) in accordance with applicable requirements such as the Energy Conservation Law of the People's Republic of China. We have also set energy consumption assessment targets to improve energy utilization efficiency and strengthen cost control. Meanwhile, we have established a metering leading group and formulated the Energy Metering Management Measures, to improve the configuration of energy metering instruments and the requirements for statistical analysis and control, and to provide a data basis for safe production, energy conservation, and related assessments. On the production side, we continuously promote energy conservation and efficiency improvement as well as equipment upgrades, gradually phasing out outdated and high-energy-consuming equipment. We have also introduced an online energy consumption monitoring platform on new production lines to keep track of key energy data in real time, enhancing refined management levels. In office and public areas, the Company also implements energy management for air conditioning, lighting, and factory streetlights, optimizes equipment operating schedules, and promotes off-peak electricity use and off-peak production. In addition, employees are encouraged to practice energy-saving measures in their daily work to promote green and efficient use of energy.

In terms of indicators and targets, our goal is, using the year ending 31 December 2023 as the base year, to reduce the natural gas, raw coal, and electricity consumption per million RMB of revenue by 10% by 2030 compared to the 2023 level.

Environmental, Social and Governance Report

4.2.3 Water resource management

During the Reporting Period, the Company's sources of water consumption mainly included the reuse of mine water and a portion of municipal water purchases. After treatment, the mine water was primarily used for production-related purposes (such as production water, bathing and greening), while municipal water was mainly used for domestic drinking purposes. With the commissioning of new production lines, driving adjustments in ore extraction and related capacity arrangements, overall water demand once increased. We have established relatively comprehensive water management and conservation measures and continuously monitor water usage according to established standards to ensure that water consumption remains at a manageable level.

Meanwhile, we pay attention to the potential impacts of our operational activities on surrounding water resources and the ecological environment (including water pollution risks and the effects of mining activities on water and soil resources), and adopt integrated water resource management strategies to improve water use efficiency and reduce environmental impacts. We focus on identifying elements related to the water environment and commission qualified third parties to prepare the Project Water Resource Argumentation Report to analyze the sustainability of water sourcing and its impacts on water resource utilization, water ecosystem, and groundwater levels and quality. Simultaneously, we strengthen soil and water protection and restoration requirements during engineering and operational processes to reduce disturbances to water resources and ecosystems, while promoting mineral geological environmental management and restoration work.

In terms of water conservation and wastewater discharge management, we have formulated the Implementing Rules for Water Conservation Management and established a leading group for water conservation to conduct irregular water usage inspections and checks. Meanwhile, mine water is primarily treated through purification and recycling for reuse, without external discharge; domestic sewage is connected to the municipal sewage treatment system and is treated and discharged into receiving water bodies by qualified institutions. We continuously monitor relevant handling and discharge arrangements to ensure that wastewater management and discharged water quality meet applicable national and local requirements, remaining within compliance.

As of the end of the Reporting Period, our water consumption is set out as follows:

Category	Unit	For the year ended 31 December		
		2023	2024	2025
Total water resources consumption	m ³	809,378.00	737,456.00	801,826.00
– Municipal water purchases	m ³	22,778.00	66,404.00	33,674.00
– Mine water consumption	m ³	786,600.00	671,052.00	768,152.00

Environmental, Social and Governance Report

We have set management targets for water use efficiency, taking into account production capacity planning, the current product price levels, and the effectiveness of implemented water-saving measures, and using the year ending 31 December 2023 as the base year, we strive to reduce water resource consumption per million RMB of revenue by 3% by 2030 compared to the 2023 level.

4.3 Environment and Natural Resources

4.3.1 Geological environment protection of mines and land reclamation planning

The Company values the impact of mineral resource extraction on the geological environment and land resources. In accordance with the applicable requirements of the Implementation Rules of the Mineral Resources Law of the People's Republic of China and the Regulations on the Protection of the Geological Environment of Mines, the Company has formulated the Mine Geological Environment Protection and Land Reclamation Plan, to continuously fulfill its responsibilities for geological environment protection and reclamation related to kaolin mining, and promote orderly land reclamation according to plan for land damaged by mining subsidence and other factors. The relevant plan outlines standards for geological environment protection and reclamation, engineering design, project quantity estimation, and investment arrangements, and establishes safeguard measures from aspects such as implementation procedures, cost arrangements, technical approaches, and organizational management to reduce the potential impact of mine construction and operation on the geological environment and geological disaster risks, thereby promoting the synergy and sustainable development of mining operations and environmental protection.

4.3.2 Investment arrangements and governance restoration fund mechanism

As of the end of the Reporting Period, in order to support the funding arrangements for mine geological environment protection and land reclamation-related work, we have set up a mine geological environment governance restoration fund account in accordance with the Guiding Opinions on the Establishment of a Mine Environmental Governance Restoration Fund by Canceling the deposit for Mine Environmental governance restoration, this fund is used to support mine geological environment governance and restoration, and have formulated fund expenditure arrangements and provision plans based on the cost estimates to enhance the feasibility and sustainability of governance work.

Environmental, Social and Governance Report

4.4 Climate Change

The Company pays attention to the potential impacts of global climate change on operational resilience, cost structure, and compliance requirements, and identifies, assesses, and manages climate-related risks and opportunities based on the Company's business characteristics and operational realities, gradually integrating relevant considerations into strategic planning and day-to-day management.

4.4.1 Governance

During the Reporting Period, the Board held ultimate supervisory responsibility for ESG (including climate-related) matters. The management and relevant functional departments are responsible for implementing the daily management arrangements for climate-related risks and opportunities, regularly reporting to the Board on risk identification results, major response measures, and progress toward targets, thereby supporting the Board in making decisions on resource allocation and management priorities. At the same time, as needed, the arrangements for building the capabilities of relevant personnel will also be reviewed to align with the requirements for managing climate-related issues.

4.4.2 Strategy

(I) *Categories of risks and opportunities and time frame*

We have classified the identified climate-related risks into two main categories: climate-related physical risks and climate-related transition risks and have identified the corresponding opportunities. At the same time, the time frame is defined according to management needs as follows, and is aligned with the Company's operational planning and capital expenditure/technological transformation pace.

When assessing climate-related risks and opportunities, we classify their impacts into short-term, medium-term, and long-term time horizons according to management needs, in order to align with decision-making and resource allocation at different levels. The short-term focuses on impacts on daily operations and safety production management; the medium-term emphasizes the advancement of plans such as technological transformation, equipment renewal, and management improvement; while the long-term primarily relates to strategic issues such as capacity layout, energy structure optimization, and emission reduction pathways.

Environmental, Social and Governance Report

(II) *Relationship with business model and value chain*

With respect to the business characteristics of the Company, climate-related impacts are mainly concentrated on our production and operational facilities, mining/underground operation scenarios, as well as supply chain and logistics arrangements. Physical risks may affect production continuity, asset safety, and employee health and safety. Transition risks, on the other hand, influence compliance costs, technology transformation investments, and product competitiveness through changes in policies and regulations, technological requirements, and market preferences.

4.4.3 Risk management

Under our existing ESG risk management framework, we will gradually advance the management of climate-related risks and opportunities, forming a closed-loop process of “identification-assessment-prioritization-monitoring-response”:

- Identification: Compile a list of climate risks and opportunities by integrating information on regulatory trends, past extreme weather experiences, facility and operational characteristics, as well as supply and market changes;
- Assessment and prioritization: Conduct qualitative assessments based on impact (on safety, production, costs, compliance, and reputation) and likelihood, and determine management priorities according to time frame (short/medium/long term);
- Monitoring and updating: Management and relevant functional departments continuously track extreme weather warnings, policy changes, and progress in energy-saving and emission reduction measures, and adjust response arrangements when necessary;
- Integration into overall risk management: Connect climate-related matters with existing processes such as safety production, environmental compliance, asset management, and supply chain management to avoid fragmented management and redundant disclosures.

Scenario analysis (resilience assessment): We are evaluating the gradual implementation of climate-related scenario analysis in a manner aligned with our own skills and resources, to support the assessment of climate resilience and strategy adjustments, and plan to progressively establish a data foundation and refine its climate resilience assessment in the subsequent phase.

Environmental, Social and Governance Report

A. Climate-related risks

Category	Item	Time Frame	Potential Impact	Management and Mitigation Measures
Physical risk	Flood/Inundation risk caused by extreme rainfall, hurricanes, etc.	Short-term to medium-term	May affect the safety of plant and equipment, increase maintenance costs, and impact production continuity	Establish disaster prevention and mitigation mechanisms and response arrangements for rainy season, focusing on implementing flood control, drainage, and lightning protection work, and clarify division of responsibilities and handling procedures through emergency plans
Physical risk	Extreme low temperature, blizzards, frost damage	Short-term to medium-term	May affect equipment operation and operation safety, increasing downtime or maintenance costs	Conduct hidden danger inspections during the winter, regularly check and maintain key equipment such as heating systems, and strengthen safety technology training
Physical risk	Impact of extreme high temperature/extreme cold on the health and safety of outdoor operations	Short-term to medium-term	May increase occupational safety and health risks, affecting employment stability and related costs	Formulate high-temperature/cold-weather operation management and emergency arrangements according to the season, and strengthen on-site safety management and training

Environmental, Social and Governance Report

Category	Item	Time Frame	Potential Impact	Management and Mitigation Measures
Transition risk	Stricter policies and regulations, increased regulatory requirements	Medium-term to long-term	May lead to increased compliance, monitoring and governance efforts, driving up operating costs	Continuously follow up on policy changes and update environmental and energy management systems, improving monitoring and governance capabilities
Transition risk	Shift of market preference towards green and low-carbon, and promotion of circular economy	Medium-term to long-term	May increase customer requirements for product and supply chain ESG, affecting orders and bargaining power	Promote arrangements for energy conservation and efficiency improvement, emission reduction, and resource recycling, enhancing environmental performance and compliance capabilities

Environmental, Social and Governance Report

B. Climate-related opportunities

Category	Item	Time Frame	Opportunity Description	Corresponding Actions
Product/Circular Economy Opportunities	Resource utilization of by-products and tailings	Medium-term to long-term	Market demand for green and sustainable products is increasing, and resource utilization helps expand product applications and create differentiation	Promote the recycling and reuse of tailings and production waste (such as resource-based building materials and refractory materials), and continuously follow up on market demand to explore diversified green products
Opportunities in Energy Transition	Renewable energy applications and energy efficiency improvement	Medium-term to long-term	Helps reduce dependence on fossil energy and emission intensity, and improves cost structure and compliance resilience	Continue to promote energy conservation and efficiency improvement, equipment upgrades, and the application of renewable energy, and enhance refined management in conjunction with energy consumption monitoring

4.4.4 Indicators and targets

We take greenhouse gas emissions and energy management as important management leverage. At this stage, we disclose Scope 1 and Scope 2 emissions and promote emission reduction measures; regarding Scope 3 emissions, we are assessing value chain data collection, standardization of caliber, and methodological arrangements, and plan to gradually establish inventory and disclosure mechanisms in the next phase.

Environmental, Social and Governance Report

5 SOCIETY

5.1 Employment

5.1.1 Governance and policy

The Company strictly complies with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China and other relevant laws and regulations. The Company has also established internal policies, such as the Human Resources and Salary Management Measures and the Measures for Performance Evaluation, striving to foster a fair and inclusive employment environment, safeguard employee rights and cultivate a knowledge-based, skilled and innovative workforce.

5.1.2 Remuneration, benefits and leave

We provide employees with a base salary that meets or exceeds the local minimum wage standards for the year and continuously refine our compensation incentive system with a focus on performance and efficiency. Adhering to the principles of distribution according to work and remuneration based on performance, we implement a differentiated remuneration and performance management system grounded in job value. During the Reporting Period, we revised the Jinyan Kaolin 2025 Human Resources and Salary Management Measures, prioritizing salary allocation for key positions, frontline roles and highly skilled personnel while ensuring income stability for employees through wage adjustment mechanisms.

We ensure compliance with relevant regulations by providing all employees with social insurance, medical insurance and housing provident fund contributions. Additionally, we offer paid leave and exceed statutory requirements by making full contributions to social insurance, housing provident funds and supplementary medical insurance, reducing employees' out-of-pocket medical expenses. We also urge the implementation of a reasonable working hour system and workforce structure optimization within the Company, so as to guarantee employees' regular rest and leave entitlements, safeguard their legal rights and enhance their well-being.

Environmental, Social and Governance Report

5.1.3 Recruitment and promotion

The Company provides fair and equal opportunities by implementing standardized procedures for campus recruitment and referral-based hiring to ensure an impartial selection and recruitment process. For specialized positions, such as administrative roles and ground support staff, internal market-based recruitment is conducted in principle. Additionally, we have established a tiered vocational skill assessment management system to promote skill enhancement among employees through cross-position and multi-skill policies. This promotes career advancement pathways and facilitates accelerated promotions.

5.1.4 Equal opportunity/anti-discrimination

We strictly prohibit discriminatory practices based on factors, such as gender, age, ethnicity, or physical condition. In the upcoming fiscal year, we will further improve the systems related to anti-discrimination and anti-harassment to create a workplace characterized by diversity, inclusivity and a sense of belonging. This will ensure a fair and equitable work environment for employees while providing superior services to business partners and clients. The Company adhered to national and municipal disability association requirements by employing vulnerable groups, including persons with disabilities and military veterans transitioning to civilian life. A cumulative total of 24 veterans and 4 individuals with disabilities were placed in positions. During the Reporting Period, we implemented targeted support for employees facing hardships, including condolence visits to 8 disabled employees, assistance for 63 employees in difficulty, distribution of RMB27,000 in condolence payments and provision of relief supplies worth over RMB6,000.

Environmental, Social and Governance Report

5.1.5 Key performance indicators

	Number of Employees		
	For the year ending 31 December		
	2025	2024	2023
By Gender			
Male	273	274	272
Female	74	78	84
By Age			
30 or below	17	19	13
From 31 to 40	62	78	93
From 41 to 50	185	195	200
51 or over	83	60	50
By Employment Type			
Labour Contract	356	352	347
Labour Dispatch & Others	0	0	0
By Geographical Region			
Chinese mainland	347	352	356
Hong Kong, Macau, Taiwan & Other Countries/Regions	0	0	0
By Job Level			
Senior Management	11	12	12
Middle Management	24	28	24
Junior Employees	312	312	320

Environmental, Social and Governance Report

Employee Turnover Rate	Percentage		
	For the year ending 31 December		
	2025	2024	2023
By Gender			
Male	2.50%	2.14%	2.16%
Female	2.63%	7.14%	3.45%
By Age			
30 or below	5.56%	0.00%	0.00%
From 31 to 40	0.00%	0.00%	0.00%
From 41 to 50	1.07%	2.99%	1.48%
51 or over	6.74%	9.09%	10.71%
By Geographical Region			
Chinese mainland	2.53%	3.30%	2.47%
Hong Kong, Macau, Taiwan & Other Countries/Regions	0.00%	0.00%	0.00%

Note:

During the Reporting Period, employee turnover rate for each category = Number of employees who resigned during the Reporting Period in the category/(Number of employees in the category at the end of the year + Number of employees who resigned during the Reporting Period in the category). This calculation method adheres to Appendix III: Social Key Performance Indicator Reporting Guidelines published by the Stock Exchange.

During the Reporting Period, we did not encounter any labour disputes, nor did we face material claims, litigation, penalties or disciplinary actions arising from significant incidents.

Environmental, Social and Governance Report

5.2 Health and Safety

5.2.1 Governance and policies

The Company consistently prioritizes occupational health and safety for its employees, and strictly complies with the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Healthy China Initiative (2019–2030), Regulations on the Management of Occupational Health in the Workplace, and Special Provisions on Labour Protection for Female Employees and other relevant laws and regulations. To systematically manage production safety and occupational health risks, we have established internal policies including: Implementation Measures for Building a Work Safety Management System, Implementation Measures for Standardizing Work Safety Practices, Accountability Measures for Safety Violations, Occupational Disease Hazard Detection Report, the Occupational Disease Hazard Prevention and Control Work Plan and Implementation Plan, and the Emergency Rescue Plan for Occupational Disease Hazard Incidents.

During the Reporting Period, we reported no major incidents resulting in personal injury or property damage, nor did we face material claims, litigation, penalties or disciplinary actions arising from any such incidents.

5.2.2 Employee health

To mitigate occupational risks such as dust, high temperatures and toxic and hazardous substances in mining operations, the Company enforces a certification system for specialized roles to reduce health impacts from dust and noise. During the Reporting Period, we invested RMB1.6 million to install sound-absorbing enclosures, louvered ventilation silencers, mufflers and soundproof doors in areas like rotary kilns at ground-level factories, minimizing equipment noise exposure.

We provide annual occupational health examinations, general health check-ups, and cancer screenings (breast and cervical) for female employees to all in-service staff with one or more years of tenure. Additionally, we organize regular health knowledge seminars to enhance employee wellness awareness. Mental health is also a priority. We have established psychological counseling rooms and emotion-release spaces, along with hosting a “Open Your Heart, Embrace the Sunshine” mental health awareness month and two employee cultural events to help alleviate emotional stress.

Environmental, Social and Governance Report

5.2.3 Workplace safety management

The Company has further strengthened process control to enhance the foundation of safety management, promoting the in-depth integration of the safety management system construction with workplace safety standardization. We have set workplace safety objectives for different regions, implemented primary accountability for workplace safety and established mechanisms for incident reporting, investigation, and accountability. To minimize the occurrence of various workplace accidents, we have developed a checklist for identifying major hidden hazards and regularly conducting comprehensive inspections for major hidden hazards across all system segments. Additionally, we regularly organize special meetings on the management and control of major safety risks, evaluate the effectiveness of risk control measures and carry out emergency drills, and training and assessments on workplace safety accountability, thereby reinforcing safety risk identification and assessment. During the Reporting Period, we conducted multiple inspections for potential safety hazards in production and living areas, including the Chamotte Plant, Mullite Precision Casting Sand and Powder Plant and in-mine factories, promptly addressing any identified issues. We also carried out fire emergency drills, escape drills for suspension cage and roof accidents in mine hoisting systems, wellbore cold and freeze prevention drills, rainy-season “three defenses” emergency drills, and evacuation drills for water and fire disasters. By summarizing and evaluating the drills, we proposed improvement suggestions and formulated corresponding corrective measures.

Outsourced (specialized) teams are also incorporated into the management of the employers. Prior to the commencement of third-party projects, the Company signs the Engineering Construction Safety Agreement with contractors to clarify the safety responsibilities of both parties. We conduct technical safety briefings for contractors on construction safety and oversee their adherence to workplace safety regulations throughout the project; contractors are required to strictly comply with safety management systems, appoint full-time safety supervisors and provide safety education to all construction personnel before work begins.

5.2.4 Key performance indicators

	For the year ending 31 December		
	2025	2024	2023
Number of work-related injuries	1	2	0
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Lost workdays due to work injury	120	480	0
Fatality rate per million hours worked	0	0	0

Environmental, Social and Governance Report

5.3 Development and Training

5.3.1 Governance and policies

We place great emphasis on the career development and skill enhancement of our employees. We formulated the 2025 Vocational Skills Enhancement Implementation Plan and established a Vocational Skills Enhancement Office. Furthermore, we also set annual growth targets for skilled personnel at the intermediate level and above, while developing skill training programs, optimizing skill evaluation methods and introducing a work performance points system and a vocational skill level certification system. To ensure the effectiveness of training, we have strengthened the construction of our assessor team and the management of the evaluation process. Additionally, we have developed incentive policies and standardized training benefits to fully support employee development.

5.3.2 Training system

The Company has constructed an integrated “training-assessment-incentive” training system and conducted tiered and categorized training, including pre-employment training, on-the-job skill enhancement, specialized safety training and management capability training, to comprehensively promote the skill enhancement and career growth of our employees. During the Reporting Period, we organized skilled employees to participate in new apprenticeship training in batches, leveraging production sites and training bases to strengthen practical training. We also regularly conducted training sessions on the three violations and compliance management. Furthermore, we coordinated the participation of key safety personnel and managers in metal and non-metal mines in specialized safety education and training programs for the “five key positions” of mine managers and primary responsible persons in non-coal mines in Anhui Province. During the Reporting Period, we provided subsidies totaling RMB35,330 to 94 skilled personnel.

5.3.3 Key performance indicators

Employee Trained	Percentage		
	For the year ending 31 December		
	2025	2024	2023
By Gender			
Male	78.7%	78.2%	78.2%
Female	21.3%	21.8%	21.8%
By Job Level			
Junior Employees	78.4%	79.3%	79.3%
Middle Management	18.4%	17.6%	17.6%
Senior Management	3.2%	3.1%	3.1%

Environmental, Social and Governance Report

Average Training Hours per Employee	Hour		
	For the year ending 31 December		
	2025	2024	2023
By Gender			
Male	38.97	40	40
Female	42.7	40	40
By Job Level			
Junior Employees	40	40	40
Middle Management	38.75	40	40
Senior Management	40	40	40

Note:

Percentage of Trained Employees by Category = (Number of employees in the category who participated in training)/(Total number of employees who participated in training). Average Training Hours per Employee by Category = (Total training hours for employees in the category)/(Total headcount in the category). This calculation method adheres to Appendix III: Social Key Performance Indicator Reporting Guidelines published by the Stock Exchange.

5.4 Labour Standards

5.4.1 Governance and policies

The Company strictly prohibits the employment of child labour or forced labour in any business activities, ensuring full compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations. Over the next fiscal year, we plan to progressively establish a labour governance framework to further refine the Company's employment system.

5.4.2 Employee rights protection

During the Reporting Period, we leveraged electronic contracts to standardize labour contract management, improving processes for legally signing, executing, amending and terminating labour contracts, so as to foster a respectful, fair, and safe working environment while upholding fundamental employee rights.

Environmental, Social and Governance Report

To strengthen the whole-process people's democracy and enhance communication between employees and the Company, we have established a labour union and convene employee representative congress (ERC) every year. Critical matters related to corporate development and employees' immediate interests are submitted to the ERC for deliberation, safeguarding employees' legitimate rights. Additionally, we offer diversified communication channels, including Party Secretary mailboxes, General Manager mailboxes, a rights protection hotline, and labor dialogue session, ensuring timely responses and resolution of employee concerns. During the Reporting Period, we have collected and addressed over 30 employee feedback items through these channels, achieving closed-loop management.

5.5 Supply Chain Management

The Company is committed to building a responsible, compliant and sustainable supply chain system. We systematically integrate environmental, social, and governance (ESG) factors into the entire supplier management lifecycle, leveraging a robust governance framework, prudent risk assessments and continuous performance management to mitigate ESG risks associated with the supply chain while enhancing the resilience and sustainable performance of our value chain.

5.5.1 Governance and policies

The Company has formulated core management systems, including the Jinyan Kaolin Supplier Management Measures and the Jinyan Kaolin Procurement Management Measures, establishing a holistic lifecycle management system covering supplier onboarding, tiered categorization, evaluation and ongoing monitoring. These measures clearly define requirements for suppliers' business performance and ethical conduct, spanning critical areas such as quality, delivery, compliance, and business ethics. In accordance with the Jinyan Kaolin Supplier Management Measures, the Company has established a Supplier Review Committee comprising representatives from the Business Management Department, Discipline Inspection Commission (Audit Department), Work Safety Management Department, Finance Department, and Kaolin Mining Branch. This committee participates in supplier site visits, selection processes and annual evaluations to ensure supply chain stability, transparency and regulatory compliance.

Environmental, Social and Governance Report

5.5.2 Supplier admission and monitoring

In accordance with the Jinyan Kaolin Supplier Management Measures and other relevant policies, the Company implements lifecycle-based onboarding and monitoring for suppliers. New suppliers must undergo qualification reviews covering legal entity status, system certifications, commercial reputation and quality assurance. Approval requires successful completion of online audits, offline verification, and, where necessary, on-site production inspections. Annually, the Supplier Review Committee conducts comprehensive evaluations based on contract performance and abnormal conduct records, assigning suppliers to four tiers: Grade A (90–100 points), Grade B (70–89 points), Grade C (60–69 points), Grade D (below 59 points). Grade D suppliers are immediately disqualified and blacklisted for a minimum of three years. As of the end of the Reporting Period, the Company managed 651 suppliers, all of whom were integrated into the aforementioned onboarding, monitoring and continuous management framework. Their geographical distribution is detailed below:

Region	Number of Supplies by Geographical Region		Total
	Chinese mainland	Overseas & Other Regions	
Number of Suppliers	645	6	651

5.5.3 Supply chain ESG risk management

To systematically manage environmental and social risks across the supply chain, the Company incorporates explicit technical standards and environmental/safety accountability clauses into supplier contracts. We require contractors to sign Safety Management Agreements and Environmental Protection Agreements to legally bind their compliance with environmental and workplace safety practices. Additionally, all suppliers must sign an Integrity Commitment to uphold fair and ethical business principles, mitigating risks of commercial bribery. We implement lifecycle management for suppliers, documenting and addressing abnormal conduct. Suppliers with severe misconduct (e.g., bribery, supplying counterfeit products) will be placed on a “blacklist”, and have their cooperation suspended or terminated. Our primary raw materials (non-metallic minerals) are sourced legally and do not involve conflict minerals. We plan to issue a Code of Conduct for Suppliers in the upcoming fiscal year to systematically evaluate suppliers’ performance in environmental protection, labour rights and business ethics, integrating assessment results into supplier onboarding and ongoing management processes to enhance supply chain resilience holistically.

Environmental, Social and Governance Report

5.6 Product Liability

The Company adheres to the principles of “Quality First, Reputation First, Customer Supreme”, prioritizing customer needs and building long-term market trust through providing high-quality products and exceptional after-sales service.

5.6.1 Governance and policies

The Company complies with ISO 9001 standards and maintains certification, having established a robust product quality management system. We have formulated a series of policies, including the Jinyan Kaolin Product Quality Management Measures and Customer Complaint Management Measures, to systematically control all aspects – from raw materials and production to after-sales service. During the Reporting Period, the Company fully adhered to laws and regulations related to product health, safety and services in all material respects, with no material claims or regulatory penalties arising from product safety issues or critical defects.

5.6.2 Quality inspection process and product recall procedures

The Company implements stringent quality inspections throughout the entire R&D, production, and delivery lifecycle, establishing non-negotiable “Quality Management Red Lines”. These red lines explicitly prohibit five categories of misconduct: sampling fraud, unauthorized warehousing of non-conforming products, intentional introduction of foreign materials during production, issuance of falsified laboratory reports, and mass quality incidents caused by work negligence. Direct violators face disciplinary actions ranging from probation to termination of employment, while supervisors found negligent are subject to demotion or removal from office. For potential product concerns, the Company has established clear Customer Complaint Management Measures, triggering a joint investigation by the Safety Production Management Department, R&D Center, Sales Department, and relevant production plants. This process involves traceability analysis, technical coordination, sample testing and liability determination, culminating in a Feedback on Handling Recommendations form. After approval by the leadership team, subsequent actions – including returns/replacements, cost-sharing arrangements or customer compensation claims – are executed systematically. During the Reporting Period, no product recalls were initiated for safety or health-related reasons.

Environmental, Social and Governance Report

5.6.3 Customer complaint management and response

The Company has established a Customer Complaint Handling Steering Committee, chaired by the Chairman and General Manager, with the Chief Engineer, Deputy General Manager of Sales, Deputy Chief Safety Production Officer and Deputy Chief Technology Officer serving as vice chairs. Member units include the R&D Center, Safety Production Management Department, Sales Department and Mullite Sand/Powder Plant and Chamotte Plant. The Steering Committee oversees a Customer Complaint Management Office (CCMO) housed within the R&D Center, responsible for coordinating external complaint resolutions. The Company's Customer Complaint Management Measures outline the following closed-loop management processes and responsibilities:

- **Receipt and Escalation:** Upon receiving customer feedback on quality issues, sales representatives or field personnel must immediately visit the site to assess the situation and submit a Quality Issue Feedback Form to the CCMO.
- **Analysis and Decision-Making:** The CCMO reviews submitted forms, verifies details, and conducts problem analysis to generate a Handling Recommendation Feedback Form. Safety Production Management Department is responsible to Lead root cause analysis, propose corrective actions and organize internal site investigations; R&D Center is responsible to Coordinate external technical issues, perform technical analysis and conduct customer site visits. Both departments provide testing data and maintain a handling log.
- **Implementation and Follow-Up:** After leadership approval, relevant units execute handling recommendations. The Sales Department liaises with customers, shares documentation and tracks resolution progress, while production plants assist in investigations and implement internal corrective measures.
- **Documentation and Accountability:** The causes, recommendations and implementation outcomes throughout the entire process are all recorded. The Safety Production Management Department oversees final resolution outcomes and compensation amounts, while the Disciplinary Inspection (Audit) Department ensures procedural compliance.

During the Reporting Period, the Company received 0 complaints regarding products or services.

Environmental, Social and Governance Report

5.6.4 Intellectual property protection practices

In accordance with the Intellectual Property Management Measures of Jinyan Kaolin, the Company's R&D Center coordinates the declaration, strategic planning and maintenance of intellectual property (IP) assets, including patents, standards and academic publications. The Company explicitly stipulates that patent application rights and ownership for service-related inventions belong to the Company, while inventors retain the right of attribution. To standardize IP outputs from R&D projects, each research initiative is required to file at least one patent application, with mandatory invention patent filings for major innovation projects. A pre-application confidentiality review process is enforced – technical secrets or incomplete patent applications cannot be disclosed publicly without approval from the Company's executive meeting. Additionally, the Company has established a performance evaluation and incentive system that rewards patent inventors through financial incentives and preferential treatment in performance assessments and professional title evaluations, ensuring systematic protection of the Company's core IP assets.

5.6.5 Explanation of consumer privacy policy

As the Company's current operations primarily serve corporate clients and do not involve the collection or processing of consumer personal data in its regular business activities, the disclosure requirements for end-consumer privacy policies are not applicable to the Company's existing business model. Should the Company expand its operations into relevant fields in the future, it will promptly establish and implement corresponding privacy protection measures.

5.7 Anti-corruption

The Company is committed to comprehensively preventing and firmly combating all forms of corruption, including bribery, extortion, fraud and money laundering through robust governance structures, clear policies and procedures, effective supervision mechanisms, and continuous educational training. This commitment aims to maintain a fair and transparent business environment, thereby ensuring the Company's long-term sustainable development.

5.7.1 Governance and policies

The Company has formulated and implemented a series of policies and regulations designed to prevent and address corruption, including special policies such as the Regulations on Strict Prohibition of Illegal Entertainment and the Regulations on the Handling, Reporting and Submission of Acceptance of Gifts and Gratuities. These provide clear behavioural guidance for employees and management in key areas such as business entertainment and integrity practice. During the Reporting Period, no non-compliance with the relevant laws and regulations in relation to corruption or bribery which had a material impact on us was identified.

Environmental, Social and Governance Report

5.7.2 Concluded legal cases regarding corrupt practices

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Company or its employees.

5.7.3 Prevention measures, reporting procedures and monitoring methods

Based on Measures for Compliance Management of Anhui Jinyan Kaolin New Material Co., Ltd, Notice on Adjusting the Anti-corruption Leading Group of Anhui Jinyan Kaolin New Material Co., Ltd, and Implementation Opinions on Establishing and Improving the “10+N” Supervision System to Accelerate the Formation of an Integrated Supervision Framework at Anhui Jinyan Kaolin New Materials Co., Ltd., the Company has established a multi-level supervision and prevention system. The main leaders of the Company serve as the team leaders of anti-corruption leading group, with its office located in the Disciplinary (Audit) Department and holding at least twice a year to deliberate and plan anti-corruption work; the Internal Supervision System Leading Group coordinates 12 categories of supervisory bodies (covering supervision of Party Committee, special supervision of discipline inspection commissions, and business supervision of functional departments), and holds joint meetings on a semi-annual basis in conjunction with the Coordination Group for Party Integrity Development and Anti-corruption Work. The Compliance Management defines the Business Department as the first line of defense, the Operation Management Department as the second line of defense, and the Disciplinary (Audit) Department as the third line of defense, thereby forming a comprehensive compliance risk prevention and control mechanism.

The Company has established diversified whistleblowing and reporting channels, including the “Immediate Reporting” QR code, Livelihood Response Platform, Employee Rights Protection Platform and Suggestion Box, ensuring accessible reporting channels and protecting the rights and interests of whistleblowers.

Environmental, Social and Governance Report

5.7.4 Anti-corruption training

The Company attaches high importance to the building of a culture of integrity. Diversified anti-corruption training and warning education are regularly conducted for all employees, with particular focus on key positions and new hires. Initiatives include "First Lessons on Integrity" for new recruits and newly promoted personnel, regular thematic warning education sessions, and visits to integrity education bases for on-site learning. The Company also convenes regular meetings to communicate the latest national anti-corruption policies and internal integrity requirements. From 2023 to 2025, the Company has continuously expanded training coverage and deepened educational impact. Detailed training data are set out below:

Year	Trainees	Number of Trainees (Person)	Total Training Hours (Hour)
2023	Employee	127	635
	Director	10	20
	Senior Management	6	12
	Total	143	667
2024	Employee	235	2,115
	Director	10	40
	Senior Management	7	21
	Total	252	2,176
2025	Employee	276	4,416
	Director	10	50
	Senior Management	7	28
	Total	293	4,494

Environmental, Social and Governance Report

5.8 Community Investment

The Company firmly believes that the sustainable development of the enterprise is closely linked to the well-being of the community. Upholding the concept of giving back to society, the Company is committed to creating value for the community while driving business growth. To this end, we have established a regular community engagement mechanism. Through systematic initiatives such as organizing charitable donations, supporting rural revitalization, participating in industry co-development, and improving community environments, we continuously focus on and respond to the developmental needs of the communities and industries in which we operate and actively fulfil our corporate social responsibilities to ensure the Company's business activities align with societal interests.

5.8.1 Focus areas of contribution

The Company's community investment mainly focuses on the following areas:

- **Public welfare and charity:** The Company organizes employees to voluntarily participate in charitable donation initiatives such as the "Charity Day Donation" campaign, uniting our collective goodwill to support disadvantaged groups in society.
- **Rural revitalization:** Through targeted procurement of agricultural and sideline products from targeted villages and towns under our assistance programs, the Company supports the development of rural industries and increases farmers' income, contributing to rural revitalization through concrete actions.
- **Industry development:** As a key participant in the industry, the Company leads or participates in the formulation of national and industry standards, holds and takes part in technical seminars, and establishes industry-academia collaboration bases with universities, committing to advancing overall technological progress and fostering a thriving industry ecosystem.
- **Community environment:** The Company organizes Party members and employees to actively engage in hands-on practices such as environmental protection initiatives to improve the community environment where we operate.

In community investment initiatives, the Company organizes charitable donation activities for employees; supports rural revitalization through the targeted procurement of agricultural and sideline products from designated assistance areas; engages employees in community environmental improvement initiatives; and contributes professional expertise and human resources to the formulation of industry standards, the hosting of technical exchange events, and industry-academia-research collaboration.

Environmental, Social and Governance Report

6 APPENDIX

Hong Kong Stock Exchange ESG Reporting Guide – Index

Subject Areas, Aspects, KPIs	Description	Section
Subject Area A. Environmental		
Aspect A1: General Disclosure	Information on:	4.1.1
Emissions		4.1.2
	(a) the policies; and	4.1.3
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations.	
	Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.	
	Hazardous wastes are those defined by national regulations.	
KPI A1.1	The types of emissions and respective emissions data.	4.1.2 4.1.3
KPI A1.2	Repealed on 1 January 2025	/
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1.3
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1.3
KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	4.1.1 4.1.2
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1.3

Environmental, Social and Governance Report

Subject Areas, Aspects, KPIs		Description	Section
Aspect A2: Use of Resources	General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	4.2.1 4.2.2 4.2.3
		Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.2.2
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2.3
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2.2 4.2.3
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2.3
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	4.3.1
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3.2
Aspect A4: Climate Change	General Disclosure	Repealed on 1 January 2025	/
	KPI A4.1	Repealed on 1 January 2025	/

Environmental, Social and Governance Report

Subject Areas, Aspects, KPIs	Description	Section	
Subject Area B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Information on:	5.1.1
			5.1.2
		(a) the policies; and	5.1.3
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1.4
	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	5.1.5
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1.5
Aspect B2: Health and Safety	General Disclosure	Information on:	5.2.1
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to providing a safe working environment and protecting employees from occupational hazards.	
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.2.4
	KPI B2.2	Lost days due to work injury.	5.2.4
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2.3	

Environmental, Social and Governance Report

Subject Areas, Aspects, KPIs		Description	Section
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3.2
		Note: Training refers to vocational training. It may include internal and external courses paid for by the employer.	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3.3
	KPI B3.2	The average training hours completed per employee by gender and employee category	5.3.3
Aspect B4: Labor Standards	General Disclosure	Information on:	5.4.1
		(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour.	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.4.1
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.4.2
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of supply chain.	5.5.1
	KPI B5.1	Number of suppliers by geographical region.	5.5.2
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.5.2 5.5.3
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.5.2 5.5.3
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Not applicable

Environmental, Social and Governance Report

Subject Areas, Aspects, KPIs	Description	Section
Aspect B6: Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.6.1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.6.2
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	5.6.3
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.6.4
KPI B6.4	Description of quality assurance process and recall procedures.	5.6.2
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.6.5
Aspect B7: Anti-corruption	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering.	5.7.1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	5.7.2
KPI B7.2	Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored.	5.7.3
KPI B7.3	Description of anti-corruption training provided to Directors and staff.	5.7.4

Environmental, Social and Governance Report

Subject Areas, Aspects, KPIs	Description	Section
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Not applicable
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.8.1
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	5.8.1
Subject Area D. Climate-related Disclosures		
Aspect : Governance	Governance	4.4.1
Aspect : Strategy	Climate-related risks and opportunities	4.4.2
	Business model and value chain	4.4.2
	Strategy and decision-making	4.4.2
	Financial position, financial performance and cash flows	Not applicable
	Climate resilience	4.4.3
		4.4.4
Aspect: Risk Management	Risk management	4.4.3
		4.4.4
Aspect : Metrics and Targets	Greenhouse gas emissions	4.4.3
		4.4.4
	Climate-related transition risks	4.4.3
		4.4.4
	Climate-related physical risks	4.4.3
		4.4.4
	Climate-related opportunities	4.4.3
		4.4.4
	Capital deployment	Not applicable
	Internal carbon pricing	Not applicable
	Remuneration	Not applicable
	Industry-based metrics	Not applicable
	Climate-related targets	Not applicable

Independent Auditor's Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Anhui Jinyan Kaolin New Materials Co., Ltd.

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

OPINION

We have audited the financial statements of Anhui Jinyan Kaolin New Materials Co., Ltd. (the "Company") set out on pages 126 to 202, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Company recorded revenue amounting to RMB272,081,000 for the year ended 31 December 2025. Revenue is recognised at the point in time when control of goods is transferred to the customers.</p> <p>We identified the revenue recognition as a key audit matter because revenue is one of the key performance indicators and driving factors of profit of the Company, and the amount of revenue was significant to the financial statements as a whole.</p> <p>The related disclosures are set out in notes 2.4 and 5 to the financial statements.</p>	<p>Audit procedures we performed, among others, including the following:</p> <ul style="list-style-type: none"> – Obtaining an understanding of, evaluating and testing the design and operating effectiveness of internal controls over revenue recognition; – Reviewing the terms of sales contracts on a sample basis and evaluating the accounting policies on revenue recognition adopted by the Company; – Performing tests of details for revenue recognition including but not limited to delivery notes, customer's receipts and invoices and the above supporting documents for revenue recognised before and after end of reporting period, on a sample basis; – Performing analytical review by comparing revenue to that of the prior year for the same products; – Obtaining the external sales confirmations from major customers, on a sample basis; and – Assessing the adequacy of disclosures in relation to revenue included in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the directors of the Company are responsible for assessing the Company'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 of the Company either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Our report is made solely to you, as a body, 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 financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young

Certified Public Accountants

Hong Kong

20 March 2026

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	272,081	267,142
Cost of sales		(180,161)	(168,972)
GROSS PROFIT		91,920	98,170
Other income and gains	5	3,263	4,733
Research expenses		(10,189)	(12,638)
Selling and distribution expenses		(3,343)	(4,574)
Administrative expenses		(29,449)	(22,329)
Other expenses		(838)	–
Finance costs	7	(6,568)	(3,709)
Provision for impairment losses on financial assets, net		(380)	(163)
PROFIT BEFORE TAX	6	44,416	59,490
Income tax expense	10	(5,587)	(6,888)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		38,829	52,602
Attributable to owners of the parent		38,829	52,602
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	0.52	0.72

Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	516,605	493,516
Right-of-use assets	14(a)	85,778	88,542
Other intangible assets	15	122,436	128,405
Total non-current assets		724,819	710,463
CURRENT ASSETS			
Inventories	17	69,988	47,274
Trade and bills receivables	18	39,991	52,978
Prepayments, other receivables and other assets	19	8,136	25,121
Debt investments at fair value through other comprehensive income	20	12,716	19,185
Pledged deposits	21	2,773	–
Cash and cash equivalents	21	205,630	71,694
Total current assets		339,234	216,252
CURRENT LIABILITIES			
Trade and other payables	22	141,501	156,986
Interest-bearing bank and other borrowings	24	14,956	6,141
Total current liabilities		156,457	163,127
NET CURRENT ASSETS		182,777	53,125
TOTAL ASSETS LESS CURRENT LIABILITIES		907,596	763,588

Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	251,280	258,100
Deferred income	25	12,423	12,503
Provision	23	26,646	25,463
Deferred tax liabilities	16	9,028	7,230
Total non-current liabilities		299,377	303,296
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	97,194	72,894
Reserves	27	511,025	387,398
TOTAL EQUITY		608,219	460,292

Zhang Kuang

Chairman and Executive Director

Wang Wei

Chief Financial Officer

Statement of Changes in Equity

Year ended 31 December 2025

	Share capital <i>RMB'000</i> (note 26)	Share premium* <i>RMB'000</i> (note 27)	Special reserve* <i>RMB'000</i> (note 27)	Statutory surplus reserve* <i>RMB'000</i> (note 27)	Retained profits* <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	72,894	279,603	378	5,801	49,014	407,690
Profit and total comprehensive income for the year	-	-	-	-	52,602	52,602
Transfer from retained profits	-	-	-	4,957	(4,957)	-
Provision for safety fund surplus reserve	-	-	2,747	-	(2,747)	-
Utilisation of safety fund surplus reserve	-	-	(2,913)	-	2,913	-
As at 31 December 2024	72,894	279,603	212	10,758	96,825	460,292

	Share capital <i>RMB'000</i> (note 26)	Share premium* <i>RMB'000</i> (note 27)	Special reserve* <i>RMB'000</i> (note 27)	Statutory surplus reserve* <i>RMB'000</i> (note 27)	Retained profits* <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2025	72,894	279,603	212	10,758	96,825	460,292
Profit and total comprehensive income for the year	-	-	-	-	38,829	38,829
Transfer from retained profits	-	-	-	3,684	(3,684)	-
Issuance of shares upon listing on The Hong Kong Stock Exchange	24,300	134,565	-	-	-	158,865
Capitalisation of listing expenses	-	(49,767)	-	-	-	(49,767)
Provision for safety fund surplus reserve	-	-	2,877	-	(2,877)	-
Utilisation of safety fund surplus reserve	-	-	(892)	-	892	-
As at 31 December 2025	97,194	364,401	2,197	14,442	129,985	608,219

* These reserve accounts represent the total reserves of RMB511,025,000 (2024: RMB387,398,000) in the statement of financial position.

Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		44,416	59,490
Adjustments for:			
Depreciation of items of property, plant and equipment	13	45,627	27,189
Depreciation of right-of-use assets	14	2,764	2,763
Amortisation of other intangible assets	15	5,969	5,699
Finance costs	7	6,568	3,709
Loss on disposal of items of property, plant and equipment	13	65	–
Foreign exchange differences, net		42	(6)
Provision for impairment losses on financial assets, net		380	163
Write-down of inventories to net realisable value	6	1,101	–
		106,932	99,007
Increase in inventories		(23,815)	(6,055)
Increase in trade and bills receivables and debt investments at fair value through other comprehensive income		(8,867)	(53,350)
Decrease in prepayments, other receivables and other assets		4,027	18,289
Decrease in deferred income		(80)	(530)
Increase in pledged bank deposits		(2,773)	–
Decrease in trade and other payables		(9,167)	(14,004)
Cash generated from operations		66,257	43,357
Tax paid		(2,559)	(6,707)
Net cash flows from operating activities		63,698	36,650
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(45,016)	(69,545)
Net cash flows used in investing activities		(45,016)	(69,545)

Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		150,203	–
Payment of listing expenses		(31,144)	(8,569)
New bank and other borrowings		17,590	131,100
Interest paid		(6,372)	(6,512)
Repayment of bank loans		(15,652)	(44,000)
Receipt of government grants for interest		671	–
Net cash flows from financing activities		115,296	72,019
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		133,978	39,124
Cash and cash equivalents at beginning of year		71,694	32,564
Effect of foreign exchange rate changes, net		(42)	6
CASH AND CASH EQUIVALENTS AT END OF YEAR		205,630	71,694
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	208,403	71,694
Less: Pledged deposits	21	(2,773)	–
Cash and cash equivalents as stated in the statement of cash flows		205,630	71,694

Notes to Financial Statements

31 December 2025

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China ("PRC"). The registered office of the Company is located at Shuobei Road, Shuoli Town, Duji District, Huaibei City, Anhui Province, PRC.

The Company is a standalone company engaging in kaolin industry in the PRC, with high-quality mineral assets and integrated capabilities spanning the entire value chain, from mining and processing to production and sale of refined products. The parent company of the Company is Huaibei Mining (Group) Co., Ltd. ("Huaibei Mining Group"), which is incorporated in the PRC. The Company is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Anhui Province.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The Company has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Company had transacted in were exchangeable, the amendments did not have any impact on the Company's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards

The Company has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these new amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Company is described below.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards (continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The new requirements are expected to impact the Company's presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures of the Company's financial performance. So far, the Company considers that the new and amended standards are unlikely to have a significant impact on the Company's results of operations and financial position.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Company's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards (continued)

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign Operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Company are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards (continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.
- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Company's financial statements.

2.4 Material accounting policies

Fair value measurement

The Company measures its debt investments at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Related parties (continued)

- (b) (continued)
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the units of production ("UOP") basis to write off the cost of the asset proportionately to the value obtained from the extraction of the mineral reserves.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

The estimated useful lives of property, plant and equipment depreciated on the straight-line basis are as follows:

Buildings	15 to 20 years
Plant and machinery	5 to 10 years
Office equipment and other devices	3 years
Motor vehicles	3 to 5 years
Asset related to rehabilitation	Life of mine

Included in property, plant and equipment is the mining infrastructure located at the mining sites. Depreciation is provided to write off the cost of the mining infrastructure using the UOP method based on the mineral reserves.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses. Mining right includes the cost of acquiring mining licence. The mining right is amortised over the estimated useful life of the mine, in accordance with the production plans of the Company concerned and the reserves of the mine using the UOP method. Mining right is written off to profit or loss if the mining property is abandoned.

Research expenses

All research costs are charged to profit or loss as incurred.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land

33 to 50 years

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Leases (continued)

Company as a lessee (continued)

(a) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Company as a lessor

When the Company acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income and gains in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income and gains in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Company considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- | | | |
|---------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for the Company's obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the rules and regulations of the PRC. The obligation generally arises when an asset is installed or the ground environment is disturbed at the production location. The Company estimates its liabilities for the final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Provisions (continued)

Over time, the discounted liability is increased for the change in the present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within finance costs in profit or loss. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on receipt of the products by the customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension schemes

The Company contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Company has no further obligations for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Foreign currency transactions recorded by the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are included in note 16 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Environmental rehabilitation obligations

Environmental rehabilitation obligations are inherently imprecise and only represent approximate amounts because of the subjective judgements involved in the estimation of the costs. Environmental rehabilitation obligations are subject to considerable uncertainty which affects the Company's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimation of environmental rehabilitation obligations also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2025 was RMB26,646,000 (2024: RMB25,463,000). Further details are included in note 23.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and, in the case of mining-related property, plant and equipment, estimated life of mine. If the estimated useful lives change significantly, adjustments to depreciation will be provided in the future year. The carrying amount of property, plant and equipment on the straight-line basis at 31 December 2025 was RMB437,144,000 (2024: RMB466,697,000). Further details are included in note 13.

Provision for expected credit losses on financial assets

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Mineral reserves

Assets related to mine are depreciated based on the UOP method where mineral reserves are an important parameter. Engineering estimates of the Company's mineral reserves are inherently imprecise and only represent approximate amounts because of the significant judgements involved in developing such information. Mineral reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of mineral reserves also changes. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related depreciation rates.

Inventory provision determined based on net realisable value

According to the accounting policy for inventories, the Company measures inventories at the lower of cost and net realisable value, and makes inventory provision for the inventories of which the cost is higher than their net realisable value. The impairment of inventories is based on the assessment of the inventories' merchantability and their net realisable value. Identification of inventory impairment requires management to make judgements and estimates based on solid evidence and factors such as the purpose of holding the inventory and the impact of events after the end of the reporting period. The difference between the actual result and the original estimate will affect the carrying amount of inventories and the accrual or reversal of inventory provision during the period in which the estimate is changed.

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION

For management purposes, the Company has one reportable operating segment which is the mining and processing to production and sale of refined products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) *Revenue from external customers*

	2025 RMB'000	2024 RMB'000
Chinese mainland	270,385	266,267
Overseas	1,696	875
Total revenue	272,081	267,142

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

All of the non-current assets of the Company are located in Chinese mainland.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control amounted to 10% or more of the Company's revenue for the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	272,081	267,142

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2025 RMB'000	2024 RMB'000
Types of goods		
Sale of industrial products	272,081	267,142
Timing of revenue recognition		
Recognised at a point in time	272,081	267,142

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Sales of industrial products	2,407	3,060

(b) *Performance obligations*

Information about the Company's performance obligations is summarised below:

Sale of industrial products

The performance obligation of the sale of industrial products is recognised at the point in time when control of the assets is transferred to the customers, generally on receipt of the goods by the customers, and payment is generally due within one to two months from the date of billing. All the amounts of transaction prices are allocated to the remaining performance obligation, which is expected to be satisfied within one year. The Company has elected the practical expedient of not disclosing the remaining performance obligations for this type of contract.

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Other income and gains

	2025	2024
	RMB'000	<i>RMB'000</i>
Sale of scrap	210	211
Government grants*	1,524	2,835
Income from value-added tax super deduction**	1,206	1,555
Interest income	48	54
Others	275	78
Total	3,263	4,733

* The government grants have been received from local government authorities to support the Company's daily operations. During the year ended 31 December 2025, government grants amounting to RMB728,000 (2024: RMB736,000) were released from deferred income (note 25).

** Tax incentives on value-added tax ("VAT") are related to an additional 5% VAT input tax deduction for that companies in the advanced manufacturing industries can enjoy from 1 January 2023 to 31 December 2027.

Notes to Financial Statements

31 December 2025

6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		180,161	168,972
Depreciation of property, plant and equipment*	13	45,627	27,189
Depreciation of right-of-use assets*	14(a)	2,764	2,763
Expenses relating to short-term and low-value leases	14(b)	275	157
Amortisation of other intangible assets*	15	5,969	5,699
Employee benefit expense* (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		41,704	44,627
Pension scheme contributions		14,906	15,269
Provision for impairment losses on trade and bills receivables, net		342	124
Provision for impairment losses on other receivables, net		38	39
Write-down of inventories to net realisable value**		1,101	–
Auditor's remuneration		189	283
Foreign exchange differences, net		743	(7)
Listing expenses		276	467
Loss on disposal of items of property, plant and equipment	13	65	–

* The depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and employee benefit expense for the year are included in "Cost of inventories sold", "Selling and distribution expenses", "Research expenses" and "Administrative expenses" in the statement of profit or loss and other comprehensive income.

** The write-down of inventories to net realisable value is included in "Cost of inventories sold" in the statement of profit or loss and other comprehensive income.

Notes to Financial Statements

31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on borrowings	5,758	6,508
Increase in discounted amounts of provisions arising from the passage of time	916	833
Less: Interest capitalised	(106)	(3,632)
Total	6,568	3,709

During the year ended 31 December 2025, the capitalisation rate used to determine the borrowing costs eligible for capitalisation was 2.65% (2024: 2.60%).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fees	210	135
Other emoluments:		
Salaries, allowances and benefits in kind	1,068	859
Performance related bonuses	430	–
Pension scheme contributions and social welfare	298	308
Subtotal	1,796	1,167
Total	2,006	1,302

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mr. Li Chenhui	40	40
Mr. Jiang Weidong	40	40
Mr. Miao Guanghong	40	40
Mr. Chan Ngai Fan	90	15
Total	210	135

Mr. Chan Ngai Fan was appointed as an independent non-executive director in October 2024.

There were no other emoluments payable to the independent non-executive directors during the year.

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2025				
Executive directors:				
Ms. Wang Yuli	509	150	100	759
Ms. Chen Yan	309	130	98	537
Subtotal	818	280	198	1,296
Non-executive directors:				
Mr. Jiao Daojie	-	-	-	-
Mr. Yang Chong	-	-	-	-
Mr. Li Zhuangzhi	-	-	-	-
Subtotal	-	-	-	-
Chief executive:				
Mr. Zhang Kuang	250	150	100	500
Total	1,068	430	298	1,796

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2024			
Executive directors:			
Ms. Wang Yuli	379	104	483
Ms. Chen Yan	231	103	334
Subtotal	610	207	817
Non-executive directors:			
Mr. Jiao Daojie	–	–	–
Mr. Yang Chong	–	–	–
Mr. Li Zhuangzhi	–	–	–
Subtotal	–	–	–
Chief executive:			
Mr. Zhang Kuang	249	101	350
Total	859	308	1,167

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Mr. Jiao Daojie, Mr. Yang Chong and Mr. Li Zhuangzhi were appointed and paid by Huaibei Mining Group to serve as non-executive directors of the Company.

Notes to Financial Statements

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and chief executive (2024: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	532	1,709
Performance-related bonuses	260	–
Pension scheme contributions and social welfare	198	436
Total	990	2,145

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	2	4

10. INCOME TAX

The Company is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the Company which operates in Chinese mainland is subject to CIT at a rate of 25% on the taxable income.

Notes to Financial Statements

31 December 2025

10. INCOME TAX (CONTINUED)

The Company renewed the “High and New Technology Enterprise” qualification on 28 October 2025, and such status will expire on 28 October 2028. Based on the CIT Law and related regulations, the applicable tax rate of the Company is 15% provided that the Company complies with the conditions set out in the relevant requirements.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax	3,789	1,959
Deferred tax (note 16)	1,798	4,929
Total tax charge for the year	5,587	6,888

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdictions in which the Company is domiciled to the income tax expense at the effective tax rates is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before tax	44,416	59,490
At the statutory income tax rate of 25%	11,104	14,872
Effect of preferential income tax rates	(4,442)	(5,949)
Expenses not deductible for tax	39	23
Additional deductible allowance for qualified research costs	(1,114)	(2,058)
Tax charge at the Company's effective rate	5,587	6,888

11. DIVIDENDS

No dividends have been declared or paid by the Company during the year.

Subsequent to the end of the reporting period, a final dividend of RMB2.27 per 10 shares (tax inclusive) for the year ended 31 December 2025 (2024: Nil), totalling approximately RMB22,063,000 (2024: Nil) in respect of the year ended 31 December 2025 has been proposed by the directors of the Company and was subject to approval by the shareholders in the forthcoming annual general meeting.

Notes to Financial Statements

31 December 2025

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 74,825,001 (2024: 72,894,316) outstanding during the year.

The Company had no potentially dilutive ordinary shares outstanding during the year (2024: Nil).

The calculation of basic earnings per share is based on:

	2025	2024
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (<i>RMB'000</i>)	38,829	52,602
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (<i>'000</i>)	74,825	72,894

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Office equipment and other devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Mining infrastructure <i>RMB'000</i>	Asset related to rehabilitation <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025								
At 1 January 2025:								
Cost	193,512	335,711	3,101	2,443	28,074	22,649	1,388	586,878
Accumulated depreciation	(22,511)	(62,033)	(1,208)	(1,745)	(2,644)	(3,221)	-	(93,362)
Net carrying amount	171,001	273,678	1,893	698	25,430	19,428	1,388	493,516
At 1 January 2025, net of accumulated depreciation	171,001	273,678	1,893	698	25,430	19,428	1,388	493,516
Additions	-	-	-	-	-	-	68,514	68,514
Disposals	(64)	-	(1)	-	-	-	-	(65)
Transfer from construction in progress	205	14,241	245	-	-	-	(14,691)	-
Effect on change of provision for environmental rehabilitation	-	-	-	-	-	267	-	267
Depreciation provided during the year	(9,410)	(33,105)	(483)	(303)	(1,180)	(1,146)	-	(45,627)
At 31 December 2025, net of accumulated depreciation	161,732	254,814	1,654	395	24,250	18,549	55,211	516,605
At 31 December 2025:								
Cost	193,510	349,952	3,344	2,443	28,074	22,916	55,211	655,450
Accumulated depreciation	(31,778)	(95,138)	(1,690)	(2,048)	(3,824)	(4,367)	-	(138,845)
Net carrying amount	161,732	254,814	1,654	395	24,250	18,549	55,211	516,605

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Office equipment and other devices <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Mining infrastructure <i>RMB'000</i>	Asset related to rehabilitation <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024								
At 1 January 2024:								
Cost	58,432	114,605	1,384	2,430	28,074	20,784	226,165	451,874
Accumulated depreciation	(16,879)	(43,581)	(801)	(1,417)	(1,520)	(1,975)	-	(66,173)
Net carrying amount	41,553	71,024	583	1,013	26,554	18,809	226,165	385,701
At 1 January 2024, net of accumulated depreciation	41,553	71,024	583	1,013	26,554	18,809	226,165	385,701
Additions	-	-	-	-	-	-	133,139	133,139
Effect on change of provision for environmental rehabilitation	-	-	-	-	-	1,865	-	1,865
Transfer from construction in progress	135,080	221,106	1,717	13	-	-	(357,916)	-
Depreciation provided during the year	(5,632)	(18,452)	(407)	(328)	(1,124)	(1,246)	-	(27,189)
At 31 December 2024, net of accumulated depreciation	171,001	273,678	1,893	698	25,430	19,428	1,388	493,516
At 31 December 2024:								
Cost	193,512	335,711	3,101	2,443	28,074	22,649	1,388	586,878
Accumulated depreciation	(22,511)	(62,033)	(1,208)	(1,745)	(2,644)	(3,221)	-	(93,362)
Net carrying amount	171,001	273,678	1,893	698	25,430	19,428	1,388	493,516

The ownership certificates of certain property, plant and equipment with an aggregate net carrying value of RMB205,000 (2024: RMB83,189,000) have not yet been obtained as at 31 December 2025.

Notes to Financial Statements

31 December 2025

14. LEASES

The Company as a lessee

The Company has lease contracts for leasehold land used in its operations. Lump sum payments were made upfront to lease the leasehold land with lease periods of 33 to 50 years, and no ongoing payments will be made under the terms of the lease.

(a) *Right-of-use assets*

The carrying amount of the Company's right-of-use assets and the movement during the year are as follows:

	Leasehold land
	<i>RMB'000</i>
As at 1 January 2024	91,305
Depreciation charge	(2,763)
As at 31 December 2024 and 1 January 2025	88,542
Depreciation charge	(2,764)
As at 31 December 2025	85,778

(b) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets	2,764	2,763
Expenses relating to short-term and low-value leases	275	157
Total amount recognised in profit or loss	3,039	2,920

Notes to Financial Statements

31 December 2025

14. LEASES (CONTINUED)

The Company as a lessor

The Company leases certain of its warehouses to a third party under operating lease arrangements. Rental income recognised by the Company during the year ended 31 December 2025 was RMB40,000 (2024: RMB40,000).

As at 31 December 2025, the undiscounted lease payments receivable by the Company in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	42	20

Notes to Financial Statements

31 December 2025

15. OTHER INTANGIBLE ASSETS

	Mining rights
	<i>RMB'000</i>
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	128,405
Amortisation provided during the year	(5,969)
At 31 December 2025	122,436
At 31 December 2025:	
Cost	141,900
Accumulated amortisation	(19,464)
Net carrying amount	122,436
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	134,104
Amortisation provided during the year	(5,699)
At 31 December 2024	128,405
At 31 December 2024:	
Cost	141,900
Accumulated amortisation	(13,495)
Net carrying amount	128,405

Notes to Financial Statements

31 December 2025

16. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation <i>RMB'000</i>	Asset related to rehabilitation <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	9,527	2,914	12,441
Deferred tax charged/(credited) to profit or loss during the year	2,385	(132)	2,253
Gross deferred tax liabilities at 31 December 2025	11,912	2,782	14,694

Deferred tax assets

	Impairment of assets <i>RMB'000</i>	Provision for rehabilitation <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	94	3,819	1,298	5,211
Deferred tax credited to profit or loss during the year	222	178	55	455
Gross deferred tax assets at 31 December 2025	316	3,997	1,353	5,666

Notes to Financial Statements

31 December 2025

16. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation <i>RMB'000</i>	Asset related to rehabilitation <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	4,287	2,821	7,108
Deferred tax charged to profit or loss during the year	5,240	93	5,333
Gross deferred tax liabilities at 31 December 2024	9,527	2,914	12,441

Deferred tax assets

	Impairment of assets <i>RMB'000</i>	Provision for rehabilitation <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	90	3,415	1,302	4,807
Deferred tax credited/(charged) to profit or loss during the year	4	404	(4)	404
Gross deferred tax assets at 31 December 2024	94	3,819	1,298	5,211

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net deferred tax assets recognised in the statement of financial position	–	–
Net deferred tax liabilities recognised in the statement of financial position	9,028	7,230

Notes to Financial Statements

31 December 2025

17. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	9,878	13,155
Work in progress	34,294	17,963
Finished goods	25,816	16,156
Total	69,988	47,274

18. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills receivable	27,822	46,745
Trade receivables	13,085	6,807
Impairment	(916)	(574)
Net carrying amount	39,991	52,978

The Company generally requires the customers to pay in advance of delivery. However, based on their scale, fiscal condition, operational results and historical contractual performance, the Company engaged in credit sales with certain customers and granted credit terms up to 90 days, of which each customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes to Financial Statements

31 December 2025

18. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	11,739	5,313
3 to 6 months	–	897
6 to 12 months	150	1
1 to 3 years	271	–
Over 3 years	9	22
Total	12,169	6,233

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	574	450
Impairment losses, net	342	124
At end of year	916	574

An impairment analysis was made based on expected credit loss model on the recoverability of trade receivables and performed using a provision matrix to measure expected credit losses. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macroeconomy.

Notes to Financial Statements

31 December 2025

18. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Company's trade receivables:

As at 31 December 2025

	Individual basis	Within 1 year	1 to 3 years	Over 3 years	Total
Expected credit rate	100.00%	4.99%	9.97%	94.55%	7.00%
Gross carrying amount (RMB'000)	105	12,514	301	165	13,085
Expected credit losses (RMB'000)	105	625	30	156	916

As at 31 December 2024

	Individual basis	Within 1 year	1 to 3 years	Over 3 years	Total
Expected credit rate	100.00%	5.00%	32.07%	86.59%	8.43%
Gross carrying amount (RMB'000)	105	6,538	–	164	6,807
Expected credit losses (RMB'000)	105	327	–	142	574

The expected credit losses for bills receivable were minimal since the settlement was made from creditworthy banks with no recent history of default as at the end of the reporting period. The maturity term of bills receivable is generally one to six months.

The Company endorsed certain bills receivable included in bills receivable and debt investments at fair value through other comprehensive income, which were all accepted by banks in the Chinese mainland to certain suppliers in order to settle the trade and other payables due to such suppliers. Further details are included in note 33 to the financial statements.

Notes to Financial Statements

31 December 2025

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Other receivables	342	285
Advance to suppliers	3,062	2,403
Recoverable value-added tax	3,697	801
Income tax recoverable	1,126	2,356
Deferred listing expenses	-	19,329
Impairment	(91)	(53)
Total	8,136	25,121

Other receivables are unsecured, non-interest-bearing and repayable on demand.

The Company has applied the general approach in calculating the expected credit loss for other receivables. The Company considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate.

The following table provides information about the exposure to credit risk and ECLs for other receivables from third parties which are assessed collectively based on an estimated average credit loss rate as at the end of the reporting period:

	31 December 2025		
	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Other receivables	26.61%	342	91

	31 December 2024		
	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Other receivables	18.60%	285	53

Notes to Financial Statements

31 December 2025

20. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Debt investments at fair value through other comprehensive income:		
Bills receivable	12,716	19,185

For the bills receivable that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, they are measured at "financial assets at fair value through other comprehensive income".

The Company considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECLs are considered as insignificant.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	208,403	71,694
Less: Pledged deposits	(2,773)	-
Cash and cash equivalents	205,630	71,694

As at 31 December 2025, the cash and cash equivalents of the Company denominated in United States dollars ("USD") amounted to approximately RMB2,895,000 (2024: RMB779,000). And the cash and cash equivalents of the Company denominated in Hong Kong dollars ("HKD") amounted to approximately RMB23,000 (2024: Nil). The remaining cash and cash equivalents held by the Company are denominated in RMB.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The pledged deposits amounting to RMB2,773,000 (2024: Nil) as at 31 December 2025 were placed as environmental rehabilitation deposits which were restricted as to use.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

Notes to Financial Statements

31 December 2025

22. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Payable for purchase of property, plant and equipment and other intangible assets	79,014	80,723
Trade payables (a)	38,175	43,635
Contract liabilities (b)	3,045	2,407
Payroll and welfare payables	7,402	7,458
Other tax payables	1,425	1,415
Other payables (c)	8,863	18,774
Deposits	3,218	2,262
Other current liabilities	359	312
Total	141,501	156,986

- (a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	38,047	43,561
1 to 2 years	65	6
2 to 3 years	–	4
Over 3 years	63	64
Total	38,175	43,635

- (b) Contract liabilities include short-term advances received from customers regarding to sales of goods.
- (c) Other payables are non-interest-bearing.

Notes to Financial Statements

31 December 2025

23. PROVISION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Provision for rehabilitation	26,646	25,463
Less: Current portion	-	-
Non-current portion	26,646	25,463

The Company recognised a provision for environmental rehabilitation on the estimation of the life of mining tenement, timing of mine closure and costs of rehabilitation to be incurred in the future periods. Such provision will be re-estimated based on the updated plans of rehabilitating mine sites.

The movements in the present value of the provision for rehabilitation are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
As at the beginning of the year	25,463	22,765
Interest increments	916	833
Change in discount rate	267	1,626
Change in estimated rehabilitation cost	-	239
As at the end of the year	26,646	25,463

Notes to Financial Statements

31 December 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – unsecured	2.20	2026	14,956
Non-current			
Bank borrowings – unsecured	2.20–2.65	2027–2030	171,280
Other borrowings – unsecured*	2.30–2.55	2032	80,000
Total			266,236

	As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – unsecured	2.50	2025	6,141
Non-current			
Bank borrowings – unsecured	2.30–2.90	2026–2030	178,100
Other borrowings – unsecured*	2.30–2.55	2032	80,000
Total			264,241

* As at the end of the reporting period, unsecured other borrowing of RMB80,000,000 was from Huaibei Mining Group, the parent company, with interest paid quarterly. The Company will not repay the borrowing of RMB80,000,000 until September 2032. Further details are included in note 31 to the financial statements.

Notes to Financial Statements

31 December 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

All borrowings were unsecured at the end of the reporting period.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Analysed into:		
Bank and other borrowings repayable:		
Within one year	14,956	6,141
In the second year	35,046	24,000
In the third to fifth years, inclusive	84,686	186,000
Beyond five years	131,548	48,100
Total	266,236	264,241

The Company's borrowings are all denominated in RMB, of which RMB5,590,000 are fixed interest rates and the rest are floating interest rates.

25. DEFERRED INCOME

The movements in deferred income at the end of the reporting period are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of year	12,503	13,033
Grants received during the year	648	206
Credited to profit or loss during the year	(728)	(736)
At the end of year	12,423	12,503

Government grants received relating to assets are recognised in deferred income and released to profit or loss over the expected or remaining useful lives of the relevant assets.

Notes to Financial Statements

31 December 2025

26. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
97,194,316 (2024: 72,894,316) ordinary shares of RMB1.00 each	97,194	72,894

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2024	72,894,316	72,894
Issuance of shares upon listing on The Hong Kong Stock Exchange (a)	24,300,000	24,300
At 31 December 2025	97,194,316	97,194

Note:

- (a) In connection with the initial public offering of the Company on The Stock Exchange of Hong Kong Limited on 3 December 2025, 24,300,000 ordinary shares were issued at an offer price of HK\$7.30 per share for a total cash consideration, before deducting the underwriting fees and commissions and other listing expenses, of HK\$177,390,000 (approximately RMB158,865,000).

27. RESERVES

The amounts of the Company's reserves and the movements therein during the year are presented in the statement of changes in equity.

Share premium

The share premium of the Company represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company.

Notes to Financial Statements

31 December 2025

27. RESERVES (CONTINUED)

Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the Company, the Company is required to allocate 10% of its profit after tax determined under PRC accounting standards to the statutory surplus reserve until such reserve reaches 50% of the authorised paid-in capital of the Company. Subject to certain restrictions set out in the Company Law of the PRC, part of this reserve may be converted to offset losses or increase the paid-in capital/share capital, provided that the remaining balance after the capitalisation is not less than 25% of the authorised paid-in capital.

Special reserve

Pursuant to a notice regarding safety production expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012 and revised in November 2022, the Company is required to establish a safety fund surplus reserve based on the volume of mine extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment maintenance as well as safety production inspection, consultation and training.

28. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company has endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade and other payables with a carrying amount of RMB146,514,000 (2024: RMB112,945,000), of which non-cash additions to property, plant and equipment and other intangible assets were RMB32,379,000 (2024: RMB33,105,000).

Notes to Financial Statements

31 December 2025

28. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Interest- bearing bank and other borrowings <i>RMB'000</i>	Included in trade and other payables <i>RMB'000</i>
At 1 January 2025	264,241	11,039
Cash flows from financing activities	(4,434)	(31,144)
Interest expense	6,429	–
Additions	–	22,138
At 31 December 2025	266,236	2,033
At 1 January 2024	177,145	–
Cash flows from financing activities	80,588	(8,569)
Interest expense	6,508	–
Additions	–	19,608
At 31 December 2024	264,241	11,039

(c) Total cash outflow for leases

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	132	80
Total	132	80

29. CONTINGENT LIABILITIES

There were no contingent liabilities of the Company at the end of reporting period.

Notes to Financial Statements

31 December 2025

30. COMMITMENTS

The Company had the following capital commitments at the end of reporting period.

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Plant and machinery	30,075	–
Total	30,075	–

31. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Names of related parties	Relationship with the Company
Huaibei Mining Group	The parent
Huaibei Mining Holdings Co., Ltd. and its subsidiaries ("Huaibei Mining Holdings")	Controlled by the parent
Anhui Xiangwang Medical & Health Co., Ltd. and its subsidiaries ("Anhui Xiangwang")	Controlled by the parent
Anhui Zishuo Environmental Technology Co., Ltd. ("Anhui Zishuo")	Controlled by the parent
Huaibei Industry Architecture Design Institute Co., Ltd. ("Huaibei Industry")	Controlled by the parent
Huaibei Mining Media Technology Co., Ltd. ("Huaibei Mining Media Tech")	Controlled by the parent

Notes to Financial Statements

31 December 2025

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Sales to related parties:			
Huaibei Mining Holdings	(i)	228	2,010
Anhui Zishuo	(i)	3,905	2,973
Purchases of services from related parties:			
Anhui Xiangwang	(ii)	256	164
Huaibei Industry	(ii)	–	1,168
Huaibei Mining Group	(ii)	406	21
Huaibei Mining Media Tech	(ii)	20	15
Huaibei Mining Holdings	(ii)	413	675
Purchases of materials from a related party:			
Huaibei Mining Holdings	(ii)	2,024	18
Purchases of equipment from a related party:			
Huaibei Mining Holdings	(ii)	–	802
Interest income from a related party:			
Huaibei Mining Holdings	(iii)	–	2
Fund transfers from a related party:			
Huaibei Mining Holdings	(iii)	–	3,472
Interest expense to a related party:			
Huaibei Mining Group	(iv)	1,762	583
Borrowing from a related party:			
Huaibei Mining Group	(iv)	–	80,000

Notes to Financial Statements

31 December 2025

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Significant related party transactions (continued)

Notes:

- (i) The sales transaction prices with the related party were determined on normal commercial terms and negotiated on an arm's length basis and on the similar basis as the Company conducted businesses with major customers.
- (ii) The purchase transaction prices were determined on terms mutually agreed between the parties with reference to the actual cost and fees for similar transactions in the market.
- (iii) The fund transfers from a related party mainly represented the net cash flows from the Huaibei Mining Group Finance Co., Ltd., which is a subsidiary of Huaibei Mining Holdings. The interest income was according to the published interest rate of Huaibei Mining Group Finance Co., Ltd. which was similar to those offered to other companies.
- (iv) The borrowing from the related party was unsecured, interest-bearing with floating interest rate and repayable with a repayment term.

Notes to Financial Statements

31 December 2025

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Outstanding balances with related parties

Balances relating to trade activities

	2025 RMB'000	2024 RMB'000
Trade and other payables:		
Huaibei Industry	-	120
Huaibei Mining Holdings	14	863
Huaibei Mining Group	-	20
Anhui Zishuo	-	9
Huaibei Mining Media Tech	2	5
Trade and bills receivables:		
Huaibei Mining Holdings	54	335
Anhui Zishuo	577	3,360
Prepayments, other receivables and other assets:		
Huaibei Mining Holdings	25	121
Huaibei Mining Group	170	170

Balances relating to non-trade activities

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings:		
Huaibei Mining Group	80,000	80,000

Notes to Financial Statements

31 December 2025

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Compensation of key management personnel of the Company

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	2,367	2,378
Performance related bonuses	1,080	–
Pension scheme contributions	799	912
Total compensation paid to key management personnel	4,246	3,290

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets	–	251	251
Debt investments at fair value through other comprehensive income (note 20)	12,716	–	12,716
Trade and bills receivables (note 18)	–	39,991	39,991
Pledged deposits (note 21)	–	2,773	2,773
Cash and cash equivalents (note 21)	–	205,630	205,630
Total	12,716	248,645	261,361

Notes to Financial Statements

31 December 2025

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2025 (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	129,270
Interest-bearing bank and other borrowings (note 24)	266,236
Total	395,506

31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets	–	232	232
Debt investments at fair value through other comprehensive income (note 20)	19,185	–	19,185
Trade and bills receivables (note 18)	–	52,978	52,978
Cash and cash equivalents (note 21)	–	71,694	71,694
Total	19,185	124,904	144,089

Notes to Financial Statements

31 December 2025

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2024 (continued)

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Financial liabilities included in trade and other payables	145,394
Interest-bearing bank and other borrowings (note 24)	264,241
Total	409,635

33. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Company endorsed certain bills receivable included in bills receivable, which were all accepted by banks in the Chinese mainland (the “Endorsed Bills”) to certain suppliers in order to settle the trade and other payables due to such suppliers (the “Endorsement”). The aggregate amount of the Endorsed Bills that were not due was RMB18,563,000 (2024: RMB25,184,000) as at 31 December 2025. In the opinion of the directors, the Company has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Company did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

Notes to Financial Statements

31 December 2025

33. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are derecognised in their entirety

The Company endorsed certain bills receivable included in debt investments at fair value through other comprehensive income, which were all accepted by banks in the Chinese mainland (the “Derecognised Bills”) to certain suppliers in order to settle the trade and other payables due to such suppliers. The aggregate amount of the Derecognised Bills that were not due was RMB35,468,000 (2024: RMB21,596,000) as at 31 December 2025. The Derecognised Bills had a maturity term from one to six months as at 31 December 2025. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Company, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Company being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Company has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Company’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Company’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Company has not recognised any gain or loss on the date of transfer of the Endorsed Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Company’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Debt investments at fair value through other comprehensive income	12,716	19,185	12,716	19,185
Financial liabilities				
Non-current portion of interest-bearing bank and other borrowings	251,280	258,100	241,310	247,999

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade and bills receivables, financial liabilities included in trade and other payables, and interest-bearing bank and other borrowings (current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Company's financial department headed by the financial manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the financial department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Company's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Assets measured at fair value:

31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	-	12,716	-	12,716

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	–	19,185	–	19,185

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

Liabilities for which fair values are disclosed:

31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	–	241,310	–	241,310

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	247,999	–	247,999

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade and bills receivables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in trade and other payables which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Company introduces conservative strategies on its risk management. To keep the Company's exposure to these risks to a minimum, the Company has not used any derivatives and other instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Company's exposure to risk for changes in market interest rates relates primarily to the Company's interest-bearing bank and other borrowings with a floating rate set out in note 24. The Company does not use derivative financial instruments to hedge interest rate risk, and obtains most bank borrowings with a floating rate.

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
31 December 2025			
If interest rate increases	25	(655)	–
If interest rate decreases	(25)	655	–
31 December 2024			
If interest rate increases	25	(660)	–
If interest rate decreases	(25)	660	–

* Excluding retained profits

(b) Credit risk

The Company trades only with recognised and creditworthy customers with no requirement for collateral. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Company reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Maximum exposure and year-end staging (continued)

31 December 2025

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets – Normal**	342	-	-	-	-	342
Trade and bills receivables*	-	-	-	-	40,907	40,907
Debt investments at fair value through other comprehensive income	12,716	-	-	-	-	12,716
Pledged deposits – Not yet past due	2,773	-	-	-	-	2,773
Cash and cash equivalents – Not yet past due	205,630	-	-	-	-	205,630
Total	221,461	-	-	-	40,907	262,368

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Maximum exposure and year-end staging (continued)

31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage1 RMB'000	Stage2 RMB'000	Stage3 RMB'000			
Financial assets included in prepayments, other receivables and other assets						
– Normal**	285	–	–	–	–	285
Trade and bills receivables*	–	–	–	53,552	53,552	53,552
Debt investments at fair value through other comprehensive income	19,185	–	–	–	–	19,185
Cash and cash equivalents – Not yet past due	71,694	–	–	–	–	71,694
Total	91,164	–	–	53,552	144,716	

* For trade and bills receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments, is as follows:

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	1 to 3 years <i>RMB'000</i>	Over 3 years <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025						
Interest-bearing bank and other borrowings	-	1,737	19,322	82,264	189,139	292,462
Financial liabilities included in trade and other payables	129,270	-	-	-	-	129,270
Total	129,270	1,737	19,322	82,264	189,139	421,732
	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	1 to 3 years <i>RMB'000</i>	Over 3 years <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024						
Interest-bearing bank and other borrowings	-	1,890	8,238	90,680	191,668	292,476
Financial liabilities included in trade and other payables	145,394	-	-	-	-	145,394
Total	145,394	1,890	8,238	90,680	191,668	437,870

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes, within net debt, interest-bearing bank and other borrowings, financial liabilities included in trade and other payables, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings	266,236	264,241
Financial liabilities included in trade and other payables	129,270	145,394
Less: Cash and cash equivalents	(205,630)	(71,694)
Net debt	189,876	337,941
Equity attributable to owners of the parent	608,219	460,292
Capital and net debt	798,095	798,233
Gearing ratio	24%	42%

36. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events the Company have occurred after 31 December 2025 and up to the date of this report.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.

Definitions

“Anhui Energy Group”	Anhui Energy Group Company Limited (安徽省能源集團有限公司), a limited liability company established under the laws of the PRC on 9 April 1990 and a shareholder of Huaibei Mining Group, one of the Company’s Controlling Shareholders
“Articles of Association”	the articles of association of the Company, as amended, supplemented, or otherwise modified from time to time
“Audit and Risk Committee”	the audit and risk committee of the Board of the Company
“Board Committee(s)”	the board committees of the Company, namely the Audit and Risk Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Investment Committee
“Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to “China” and the “PRC” do not apply to Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “We”	Anhui Jinyan Kaolin New Materials Co., Ltd. (安徽金岩高嶺土新材料股份有限公司), a limited liability company established under the laws of the PRC on 25 October 2012 and converted into a joint stock limited company on 17 June 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Huaibei Mining Group, Wanhui Investment, Anhui Energy Group, Huaibei Jiantou Holding and Huaibei Jiaotou
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Listing Rules
“Director(s)”	the directors of the Company
“exploration”	activities undertaken to prove the location, volume and quality of a deposit

Definitions

“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and listed on NEEQ
“ESG”	environmental, social and governance
“H Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huaibei Jiantou Holding”	Huaibei Jiantou Holding Group Co., Ltd. (淮北市建投控股集團有限公司), a limited liability company established under the laws of the PRC on 24 April 2008, and a shareholder of Huaibei Jiaotou, and one of the Company’s Controlling Shareholders
“Huaibei Jiaotou”	Huaibei Jiantou Transportation Investment Co., Ltd. (淮北市建投交通投資有限公司), a limited liability company established under the laws of the PRC on 19 July 2013, and one of the Company’s Controlling Shareholders
“Huaibei Mining Group”	Huaibei Mining (Group) Co., Ltd (淮北礦業(集團)有限責任公司), a limited liability company established under the laws of the PRC on 15 March 1993, and one of the Company’s Controlling Shareholders
“Latest Practicable Date”	In 24 March 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report.
“Listing Date”	3 December 2025, the date on which the Company’s H shares are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

Definitions

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“NEEQ”	National Equities Exchange and Quotations
“Nomination Committee”	the nomination committee of the Board of the Company
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated 25 November 2025
“Province”	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law” or “PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value RMB1.00 each in the share capital of the Company, including both Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Shuoli Mining”	Huaibei Shuoli Mining Company Limited (淮北朔里礦業有限責任公司), a limited liability company established under the laws of the PRC on 30 December 2010, a previous Shareholder of the Company, and was deregistered on 26 January 2024
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance

Definitions

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	former member(s) of the Supervisory Committee, who ceased his/her/their duties following the conclusion of the extraordinary general meeting held by the Company on 31 December 2025
“Supervisory Committee”	the former Supervisory Committee of the Company, which was abolished following the conclusion of the extraordinary general meeting held by the Company on 31 December 2025.
“Wanhui Investment”	Huaibei Wanhui Investment Co., Ltd. (淮北皖淮投资有限公司), a limited liability company established under the laws of the PRC on 30 March 2017 and wholly owned by Huaibei Mining Group, and one of the Company’s Controlling Shareholders
“%”	per cent