



# 南方錳業投資有限公司

SOUTH MANGANESE INVESTMENT LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 1091



ANNUAL REPORT  
2025

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# Corporate Information

## Board of Directors

### Executive Directors

Mr. Zhang He (appointed as Chairman on 10 October 2025)  
Mr. Xu Xiang  
Mr. Liu Yang  
Mr. Pan Shenghai  
Ms. Cui Ling  
Mr. An Wei (appointed on 10 October 2025)  
Mr. Zhan Haiqing (appointed as Executive Director and Chief Executive Officer on 13 October 2025)  
Mr. Ming Xianquan (appointed on 13 October 2025)  
Mr. Wan Weihua (appointed on 13 October 2025)  
Mr. Zhang Yi (resigned on 10 October 2025)

### Non-executive Director

Mr. Huang Chuangxin

### Independent Non-executive Directors

Mr. Yuan Mingliang  
Mr. Lo Sze Hung  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Wu Qi  
Mr. Zhang Yupeng (resigned on 20 May 2025)

## Audit Committee

Mr. Lo Sze Hung (Chairman)  
Mr. Yuan Mingliang  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Wu Qi  
Mr. Huang Chuangxin  
Mr. Zhang Yupeng (ceased to be member on 20 May 2025)

## Remuneration Committee

Mr. Yuan Mingliang (Chairman)  
Mr. Zhang He  
Mr. Pan Shenghai  
Mr. Xu Xiang (appointed as member on 10 October 2025)  
Mr. Lo Sze Hung  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Wu Qi  
Mr. Zhang Yi (ceased to be member on 10 October 2025)  
Mr. Zhang Yupeng (ceased to be member on 20 May 2025)

## Nomination Committee

Mr. Wu Qi (appointed as Chairman on 10 June 2025)  
Mr. Zhang He  
Mr. Pan Shenghai  
Mr. Xu Xiang (appointed as member on 10 October 2025)  
Mr. Yuan Mingliang  
Mr. Lo Sze Hung  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Zhang Yupeng (ceased to be Chairman on 20 May 2025)  
Mr. Zhang Yi (ceased to be member on 10 October 2025)

## Company Secretary

Mr. Leung Chit Yu

## Registered Office

Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

## Headquarters and Principal Place of Business in Hong Kong

Room 3603, 36/F, Tower One, Lippo Centre,  
89 Queensway, Admiralty, Hong Kong

Telephone : (852) 2179 1310  
Facsimile : (852) 2537 0168  
E-mail : ir@southmn.com

### Principal Place of Business in the PRC

South Manganese Group Tower,  
Building 8, Greenland Center,  
15 Kaixuan Road, Nanning, Guangxi, PRC

### Bermuda Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited  
Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

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

### Auditor

RSM Hong Kong  
Certified Public Accountants  
29th Floor, Lee Garden Two,  
28 Yun Ping Road, Causeway Bay,  
Hong Kong

### Authorised Representatives

Mr. Leung Chit Yu  
Mr. Zhang He

### Principal Bankers

Agricultural Bank of China  
Bank of Communications  
Bank of Liuzhou Co., Ltd  
DBS Bank  
Guangxi Beibu Gulf Bank  
Guilin Bank Co., Ltd  
Hua Xia Bank Co., Limited  
Industrial and Commercial Bank of China  
Shanghai Pudong Development Bank

### Stock Code

1091 (Mainboard of the Stock Exchange)

### Company Website

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

# Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the latest five financial years, as extracted from the published audited financial statements, is set out below.

## Results

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000 (restated)
Revenue	<b>6,368,752</b>	13,210,519	17,133,960	16,031,885	12,830,762
Profit/(loss) before tax	<b>235,388</b>	(757,073)	109,930	394,879	546,344
Income tax expense	<b>(91,851)</b>	(44,893)	(37,544)	(52,565)	(190,049)
Profit/(loss) for the year	<b>143,537</b>	(801,966)	72,386	342,314	356,295
Profit/(loss) attributable to:					
Owners of the Company	<b>167,065</b>	(725,070)	64,144	336,091	454,583
Non-controlling interests	<b>(23,528)</b>	(76,896)	8,242	6,223	(98,288)
	<b>143,537</b>	(801,966)	72,386	342,314	356,295

## Assets, Liabilities, Non-controlling interests and Equity attributable to owners of the Company

	31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000 (restated)
Non-current assets	<b>5,065,597</b>	5,063,574	5,025,589	5,123,159	5,118,358
Current assets	<b>4,030,643</b>	3,723,029	6,340,431	6,327,465	5,865,985
Total assets	<b>9,096,240</b>	8,786,603	11,366,020	11,450,624	10,984,343
Current liabilities	<b>5,470,533</b>	5,382,420	7,231,694	7,073,730	7,450,916
Non-current liabilities	<b>1,126,703</b>	1,426,996	1,305,964	1,544,608	797,594
Total liabilities	<b>6,597,236</b>	6,809,416	8,537,658	8,618,338	8,248,510
<b>Net Assets</b>	<b>2,499,004</b>	1,977,187	2,828,362	2,832,286	2,735,833
Equity attributable to:					
Owners of the Company	<b>2,920,795</b>	2,361,610	3,142,150	3,168,078	3,108,201
Non-controlling interests	<b>(421,791)</b>	(384,423)	(313,788)	(335,792)	(372,368)
	<b>2,499,004</b>	1,977,187	2,828,362	2,832,286	2,735,833

In preparing the consolidated financial statements of the Group for the year ended 31 December 2022, the management had identified some prior year adjustments to the prior year consolidated financial statements. The management had restated these prior year adjustments to the consolidated financial statements as at 31 December 2021 and for the year then ended (including the opening balances for the year ended 31 December 2021 which affected the figures as at 1 January 2021 accordingly).

# Chairman's Statement



# Chairman's Statement

Dear Valued Shareholders,

In 2025, the global economy navigated a path intertwined with recovery and volatility. Geopolitical tensions and trade protectionism continued to pose challenges to global supply chains. Despite the complex and ever-changing external environment, the Chinese economy demonstrated strong resilience, supported by the Chinese government's prudent economic policies and the robustness of domestic demand. Notably, in strategic emerging sectors such as new energy and new materials, policy dividends continued to be released, creating vast opportunities for the high-quality development of the manganese industry.

Looking back to 2025, the manganese industry experienced a year of significant fluctuations. The year began with rapid price increases driven by supply-demand mismatches, followed by a correction in the second quarter. A resurgence driven by policy and cost factors restarted the upward trend in the third quarter, while the fourth quarter saw a divergence in market performance. The manganese ore market maintained a relatively strong trajectory, whereas the traditional manganese alloy market faced challenges from margin compression. As a major global producer and consumer of manganese, China's manganese industry demonstrated strong developmental resilience in 2025. Notably, the explosive growth in demand for manganese products from the new energy sector—a structural shift—is fundamentally reshaping the global manganese industry landscape.

## Cost Efficiency, Transformation and Upgrading

In 2025, in the face of a complex and volatile market environment, our Group united as one, overcame challenges, and embraced the twelve-character guideline of “increase capacity, reduce costs, promote savings, and strengthen management” across the organization. By optimizing production and sales strategies, enhancing governance structures, advancing project construction, and implementing cost-reduction and efficiency-enhancing measures, we achieved remarkable operational results.

During the year, the Group also steadfastly pursued the primary task of high-quality development, focusing on its core business and making targeted efforts to cultivate and develop new productive forces. The technical transformation projects at the Daxin Branch and the Chongzuo Branch were successfully completed and put into operation during the year. This milestone not only represents the Group's deepening transformation towards “green, high-end, and intelligent” development, but also establishes a critical industrial chain connecting manganese resources to new energy materials. It has injected powerful new momentum into the Group's evolution from a “resource-exporting” enterprise to an “innovation-driven manufacturer”.

## Forging Excellence, Leading Innovation

Dedication fosters expertise, and innovation drives development. The Group has consistently upheld the spirit of the craftsman as “ten years to sharpen a sword”, and remains deeply committed to its core businesses of electrolytic manganese metal and electrolytic manganese dioxide. Through decades of focused development, the Group has undertaken technological breakthroughs in key areas such as the efficient utilization of low-grade complex manganese ores, clean production of electrolytic manganese, and the preparation of high-purity materials. We have established an innovation system anchored by a regional-level R&D platform and a post-doctoral workstation, while deeply promoting industry-university-research collaboration. Through continuous technological innovation and process optimization, the Group has not only achieved a leading position in production capacity within China but has also made industry-recognized breakthroughs in enhancing product purity, reducing comprehensive energy consumption, and overcoming environmental bottlenecks.

### Regional Cooperation, Global Footprint

In early 2026, the Guangxi-Hong Kong Cooperation Promotion Conference was held in Hong Kong. Hong Kong is an international financial center and a crucial window for opening-up, while Guangxi stands as a frontier for ASEAN cooperation. Deepened cooperation between Guangxi and Hong Kong presents new opportunities for the development of Guangxi's manganese industry. As a representative of Guangxi's manganese industry chain leader, the Group will leverage the momentum from the promotion conference, carefully review the outcomes of the exchanges, fully play its role as a leader in the manganese industrial chain, and actively connect with high-quality resources in the Guangdong-Hong Kong-Macao Greater Bay Area. We will continue to focus efforts on the R&D of manganese-based new energy materials, industrial chain coordination, and cross-border investment cooperation, driving Guangxi's manganese industry towards high-end, green, and intelligent transformation. At the same time, the Group will actively build a bridge for manganese industry cooperation between Guangxi and Hong Kong, contributing to the deepening of practical cooperation, assisting Guangxi in building a modern industrial system, and fostering a China-ASEAN community with a shared future.

Concurrently, our footprint extends beyond China's southern borders to the distant African continent. In Gabon, the Group's overseas team has overcome multiple challenges, including geographical and cultural differences, advancing project operations with a high degree of professionalism and dedication. Their efforts have laid a solid foundation for the Group's resource security and internationalization strategy. Their perseverance and contributions in a foreign land embody the pioneering global vision of the South Manganese team, building bridges of cooperation and mutual benefit between China and Africa through their tireless efforts.

### Community Engagement, Social Commitment

During the year, the Group actively participated in social welfare activities, supporting the development of neighboring communities. Our subsidiaries and branches contributed to local infrastructure, new rural development, transportation, and education. During festivals, we procured and distributed goods to support traditional village activities. We assisted local governments in rectifying small-scale, unregulated mining operations and supplied diesel fuel for border police patrol vehicles, helping to strengthen grassroots support. The Group's foundation made a generous contribution to support post-disaster relief and reconstruction following a fire in Tai Po, Hong Kong. Our overseas operations also embraced their social responsibilities: the Gabon company donated medical equipment and drilled wells for the local hospital, improving local healthcare access, and provided cables to neighboring villages, resolving lighting issues, thus building cross-border bridges of mutual assistance through tangible actions.

We are dedicated to improving both our factory environments and the well-being of local communities. Staff dispatched from the Group's headquarters, together with nearly a hundred employees from the Daxin Branch, participated in a voluntary "Land Reclamation, Greening the Mining Area" initiative, planting over 500 trees. We promoted the "Three Beauties Factory" initiative (beautiful environment, beautiful workplace, beautiful life), and provided staff with amenities like a workers' home and a library recreational space, creating a relaxing environment for employees. Our subsidiaries and branches are committed to cultural development, enriching employees' lives with diverse activities and strengthening corporate cohesion.

## Chairman's Statement

### United in Purpose, Forging Ahead with Action

On behalf of the Board of Directors, I would like to extend my sincere gratitude to all directors, management, and employees for their dedication, hard work, and unwavering efforts throughout the year. I also wish to thank our shareholders, customers, and business partners for their steadfast trust and support.

The year 2026 marks the beginning of the “15th Five-Year Plan” period. A strong start is crucial for the Group's future development. Considering the current landscape, the Group will continue to: deepen the integration of Party-building culture with production and operations to foster a cohesive force; focus on capacity enhancement and cost management to solidify our development foundation; accelerate the construction of key projects to strengthen our growth momentum; and enhance talent development, leveraging expertise and inspiring talent vitality.

In the new year, we will plan with the foresight of a “thousand-mile horse”, deepening independent mining operations and accelerating project construction. We will act with the dedication of a “workhorse”, steadily advancing digital transformation while reducing costs and improving efficiency. We will move forward with the steadiness of a “sure-footed horse”, firmly securing the Group's development foundation. Let us continue to embody the “dragon horse spirit”, united in purpose, pragmatic, and resolute, as we join hands to open a new era of high-quality development for the Group.

A year of achievement is behind us; a year of even greater promise lies ahead. With unwavering determination, pragmatic action, and enthusiastic commitment, let us join hands, forge ahead with courage, and collectively embark on a new, brilliant, and splendid journey for South Manganese!

**Zhang He**

*Chairman*

13th March 2026

# Report of the Directors



# Report of the Directors

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2025.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group are manganese mining and ore processing in the PRC and Gabon and downstream processing operations in the PRC, as well as trading of manganese ores, manganese alloy and related raw materials, details of which are set out in notes 1 and 5 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## Business Review

Business review comprising a fair review of the Group's business, description of our principal risks and uncertainties, important events subsequent to the year end and our likely future business developments have been set out in the section headed "Management Discussion and Analysis" of this annual report, inclusive of an analysis of the Group's performance during the year using financial key performance indicators set out in the box headed "Financial Highlights" therein.

As with other natural resources and mineral processing companies, the Group's operations create hazardous and non-hazardous waste, effluent emissions into the atmosphere, as well as water, soil and safety concerns for its workforce. Consequently, the Group is required to comply with a range of health, safety and environmental laws and regulations. The Group believes that its operations are in compliance with all material respects with the applicable health, safety and environmental legislations of the People's Republic of China and Gabon. The Group regularly reviews and updates its health, safety and environmental management practices and procedures to ensure where feasible that they comply, or continue to comply, with best international standards. Our goal is to facilitate the gradual improvement of environmental indicators, while taking into account practical possibilities and social and economic factors.

Compliance procedures are in place to ensure adherence to the relevant laws and regulations in particular, those having a significant impact on the Group. The Board keeps reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements. Any new enactment of or changes in the relevant laws and regulations would be communicated to the relevant departments and staff to ensure compliance. Reminders on the compliance would also be sent out regularly where necessary.

Further discussions on the Company's environmental policies and performance and its compliance with the relevant laws and regulations can be found in the Environmental, Social and Governance Report and our relationship with employees can be found in the Human Resources Report. Discussions and information therein forms part of this Report of the Directors.

## Results and Dividends

The Group's profit for the year ended 31 December 2025 and the Group's financial position at that date are set out in the consolidated financial statements on pages 97 to 180.

The Board does not recommend the payment of any dividend for the year.

## Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 14 and 15 to the consolidated financial statements respectively.

### Share Capital and Share Options

The Share option scheme of the Company has been ended on 25 October 2020 and all the share options have been lapsed with affect from 10 January 2021.

### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

### Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements.

### Borrowings

Details of borrowings (inclusive of interest-bearing bank and other borrowings) of the Group as at 31 December 2025 are set out in note 26 to the consolidated financial statements.

### Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### Distributable Reserves

The Company's reserves available for distribution is its contributed surplus amounting to HK\$2,618,617,000 as at 31 December 2025 and such sum is available to be applied by the Company including but not limited to, elimination of accumulated losses of the Company which amounted to HK\$1,094,177,000 as at 31 December 2025.

### Charitable Donations

During the year, the Group made charitable and other donations totalling HK\$184,000 (2024: HK\$704,000).

### Major Customers and Suppliers

During the year, sales to the Group's five largest customers accounted for 28.22% of the total sales for the year and sales to the largest customer included therein amounted to 8.59%. Purchases from the Group's five largest suppliers, amounted to 30.34% of the total purchases for the year and purchase from the largest supplier included therein amounted to 8.84%.

As far as the Directors are aware, none of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

### Directors

The Directors of the Company during the year ended 31 December 2025 and up to the date of this annual report are:

#### Executive Directors:

Mr. Zhang He (appointed as Chairman on 10 October 2025)  
Mr. Xu Xiang  
Mr. Liu Yang  
Mr. Pan Shenghai  
Ms. Cui Ling  
Mr. An Wei (appointed on 10 October 2025)  
Mr. Zhan Haiqing (appointed as Executive Director and Chief Executive Officer on 13 October 2025)  
Mr. Ming Xianquan (appointed on 13 October 2025)  
Mr. Wan Weihua (appointed on 13 October 2025)  
Mr. Zhang Yi (resigned on 10 October 2025)

#### Non-executive Director:

Mr. Huang Chuangxin

#### Independent Non-executive Directors:

Mr. Yuan Mingliang  
Mr. Lo Sze Hung  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Wu Qi  
Mr. Zhang Yupeng (resigned on 20 May 2025)

## Report of the Directors

### Directors' and Senior Management's Biographies

The biographical details of the Directors of the Company and the senior management of the Company are set out on pages 46 to 50 of this annual report.

### Directors' Service Contracts

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### Directors' Remuneration

Directors' remuneration is determined by the Board with reference to the recommendations made by the Remuneration Committee. The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance.

Details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements.

### Directors' Interests in Contracts

Save as disclosed in this annual report and hereinbelow and so far as is known to the Directors, (i) none of the Directors was directly or indirectly interested in any business that constitutes or may constitute a competing business of the Company during the year and (ii) none of the Directors or their respective associates was materially interested in any contract or arrangement which is significant in relation to the businesses of the Group taken as a whole during the year.

Ms. Cui Ling is a director of Guangxi Dameng, Mr. Pan Shenghai is the vice general manager of Guangxi Dameng and Mr. Huang Changxin is the head of international business department of Guangxi Dameng. Guangxi Dameng is a state-owned company with manganese ore mining and processing, battery producing, machinery engineering, accessories manufacturing, investment operation and export and import trade. Pursuant to the right of first refusal agreement dated 3 November 2010, Guangxi Dameng granted the right of first refusal to the Company to acquire all the equity interest it holds in Rainbow Minerals Pte. Limited which in turn holds certain manganese and iron mines in South Africa.

Each of the above directors had abstained from voting on the transactions entered into between the Group and Guangxi Dameng and/or their respective subsidiaries (as the case may be) (if any) during the year.

### Permitted Indemnity Provision

Pursuant to the Bye-laws of the Company, the Directors, auditors and other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. Such provisions were in force throughout the year ended 31 December 2025 and are currently in force.

The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors during the year ended 31 December 2025.

### Directors' and Chief Executive's Interests in Shares and Underlying Shares and Debentures

As at 31 December 2025, so far as is known to any Directors, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### Directors' Rights to Acquire Interests or Debentures

Save as disclosed in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or their associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Report of the Directors

### Share Option Scheme

On 26 October 2010, the Company adopted a Share Option Scheme under which the Board was entitled, during the ten years ended 25 October 2020, to allot share options to eligible persons. The purpose of the scheme is to provide incentive or reward to eligible persons (including full time or part time employees, executive Directors, non-executive Directors and independent non-executive Directors of our Group) for their contribution to, and continuing efforts to promote the interests of, our Company and to enable our Company and its subsidiaries to recruit and retain high-caliber employees.

The subscription price for Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (1) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day;
- (2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (3) the nominal value of the Shares.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and options under any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the listing date.

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12 month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option schemes of the Company other than those options granted pursuant to specific approval by the Shareholders in general meeting) exceed 1% of the Shares in issue for the time being. There is no requirement that an option must be held for any minimum period before it can be exercised.

All the share options have been lapsed with effect from 10 January 2021.

Save as disclosed herein and in the section headed "Substantial Shareholders and Other Person's Interests in Shares and Underlying Shares" below and so far as is known to the Directors, as at 31 December 2025:

- (i) none of the Directors or chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its 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 deemed or taken to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors was a director or employee of a company which had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 December 2025, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (a)	Approximate percentage of the Company's issued share capital	Number of share options held
Sun Mingwen	(b)	Through a controlled corporation	994,260,000 (L)	20.14	–
Youfu Investment Co., Ltd	(b)	Directly beneficially interested	994,260,000 (L)	20.14	–
Chen Xuming	(c)	Through a controlled corporation	822,830,160 (L)	16.67	–
Honor Aim Limited	(c)	Directly beneficially interested	822,830,160 (L)	16.67	–
Guangxi Dameng Manganese Industrial Co., Ltd	(d)	Through a controlled corporation	766,350,000 (L)	15.52	–
Guinan Dameng International Resources Limited	(d)	Directly beneficially interested	766,350,000 (L)	15.52	–
Cheung Ming		Directly beneficially interested	534,691,800 (L)	10.83	–

Notes:

- (a) The letter "L" denotes the long position in such Shares.
- (b) Youfu Investment Co., Ltd. is wholly owned by Mr. Sun Mingwen.
- (c) Honor Aim Limited is wholly owned by Mr. Chen Xuming.
- (d) Guinan Dameng International Resources Limited is wholly owned by Guangxi Dameng.

## Report of the Directors

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### Connected Transaction and Continuing Connected Transactions

#### (1) Connected Transactions with Guangxi Dameng

On 7 March 2025, Dameng International Resources Limited (“DIR”, an indirect subsidiary of the Company) entered into a manganese ore sales contract (“Manganese Ore Sales Contract”) with Guangxi Dameng, pursuant to which, DIR agreed to sell and Guangxi Dameng agreed to purchase manganese ores. The total contract price is RMB43,004,332.80. Details of the Manganese Ore Sales Contract was disclosed in the announcement of the Company dated 7 March 2025.

#### (2) Continuing Connected Transactions with Guangxi Dameng and its Subsidiaries

On 11 March 2025, South Manganese Holdings Limited (“SMH”, a wholly-owned subsidiary of the Company) entered into a sales framework agreement (“Guangxi Dameng Sales Framework Agreement”) with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to sell and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to purchase manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein. Details of the Guangxi Dameng Sales Framework Agreement was disclosed in the announcement of the Company dated 11 March 2025 and the circular of the Company dated 24 April 2025.

On 11 March 2025, SMH also entered into a purchase framework agreement (“Guangxi Dameng Purchase Framework Agreement”) with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to purchase and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to sell manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein. Details of the Guangxi Dameng Purchase Framework Agreement was disclosed in the announcement of the Company dated 11 March 2025 and the circular of the Company dated 24 April 2025.

During the year 2025, the amounts of transactions under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement are as follows:

	HK\$'000
• Sales of ores to Guangxi Dameng	182,118
• Purchase of ores from Guangxi Dameng	241,581

During the year 2025, the amounts of transactions under the Manganese Ore Sales Contract are as follows:

	HK\$'000
<ul style="list-style-type: none"> <li>Sales of manganese ores to Guangxi Dameng</li> </ul>	50,204

The Group has followed the policies and guidelines regarding the continuing connected transactions in accordance with the Listing Rules when determining the price and terms of the transactions conducted during the year.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

RSM Hong Kong, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. RSM Hong Kong have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

The Company has complied with the applicable requirements under the Listing Rules in respect of connected transactions and continuing connected transactions engaged in by the Group during the year 2025.

### Sufficiency of Public Float

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public.

### Auditor

RSM Hong Kong shall retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming 2026 AGM.

ON BEHALF OF THE BOARD

### Zhang He

*Chairman*

Hong Kong  
13 March 2026

# Management Discussion and Analysis



# Management Discussion and Analysis

## Financial Review

	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
Revenue	<b>6,368,752</b>	13,210,519
Gross profit	<b>1,066,413</b>	406,365
Gross profit margin	<b>16.7%</b>	3.1%
Operating profit/(loss)	<b>305,191</b>	(375,725)
Impairment losses on non-financial assets	<b>(42,944)</b>	(17,750)
Impairment losses on financial assets, net	<b>(50,604)</b>	(353,540)
Share of profits and losses of associates	<b>23,745</b>	(10,058)
Profit/(loss) before tax	<b>235,388</b>	(757,073)
Income tax expense	<b>(91,851)</b>	(44,893)
Profit/(loss) for the year	<b>143,537</b>	(801,966)
Profit/(loss) for the year attributable to owners of the Company	<b>167,065</b>	(725,070)
Loss for the year attributable to non-controlling interests	<b>(23,528)</b>	(76,896)
	<b>143,537</b>	(801,966)

## Financial Highlights

- Revenue amounted to HK\$6,368.8 million for 2025, representing a decrease of 51.8% from HK\$13,210.5 million for 2024.
- Gross profit amounted to HK\$1,066.4 million for 2025, representing an increase of 162.4% from HK\$406.4 million for 2024. Gross profit margin was 16.7% for 2025, representing an increase of 13.6 percentage points from 3.1% for 2024.
- Operating profit amounted to HK\$305.2 million for 2025 (2024: loss of HK\$375.7 million).
- Impairment losses on financial assets, net, amounted to HK\$50.6 million for 2025 (2024: HK\$353.5 million).
- Profit attributable to owners of the Company amounted to HK\$167.1 million for 2025 (2024: loss of HK\$725.1 million).

## Management Discussion and Analysis

### Overview

The global economy delivered modest growth in 2025, building on the tentative recovery observed in the prior year. In 2025, growth momentum continued, albeit unevenly across regions. The United States maintained steady expansion, underpinned by resilient consumer demand. The Eurozone remained subdued, with restrictive monetary policy weighing on activity. China's recovery stayed uneven, as protracted weakness in the property sector continued to dampen growth. Inflationary pressures moderated during the year, supported by stabilised energy prices, though geopolitical tensions persisted and supply chain disruptions remained an ongoing risk. While advanced economies demonstrated relative resilience, the overall pace of global recovery remained vulnerable to external shocks. Against this backdrop, the Group remained dedicated to strengthening management, cost control, operational efficiency and disciplined capital management to navigate the evolving macroeconomic environment.

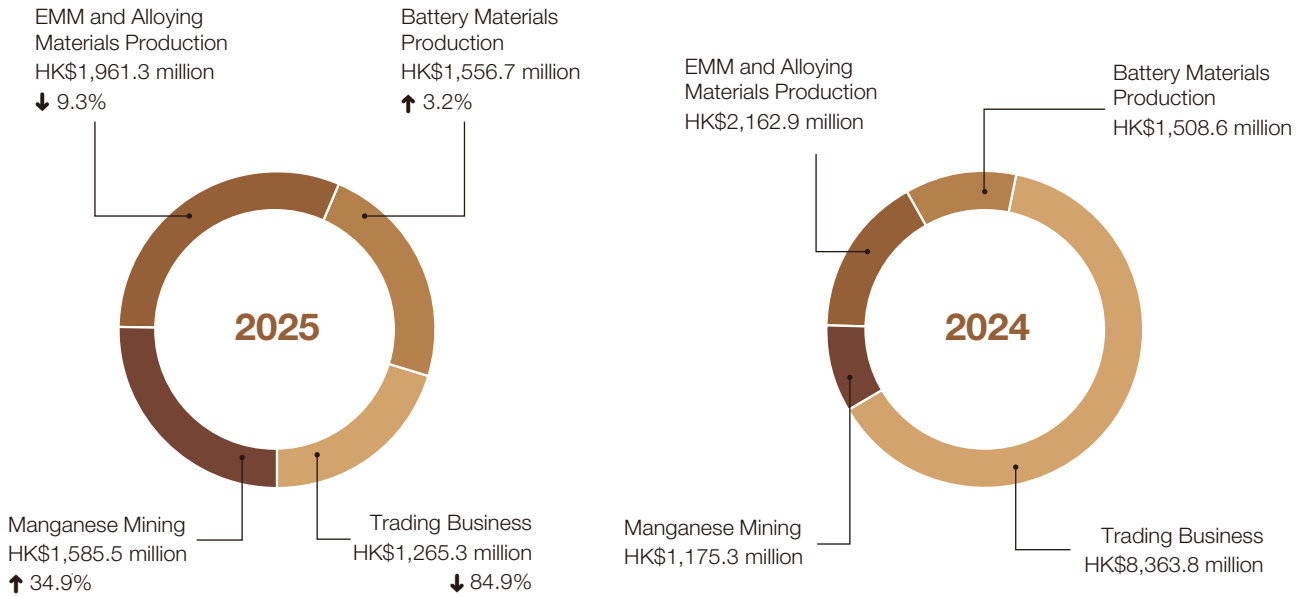
The Group continued to focus on its core businesses in EMM and alloying materials production, battery materials production, manganese mining and trading business in 2025, with major products including EMM Products, EMD, and manganese ores and related products.

- Steel sector is our major downstream industry, with its demand for our EMM Products largely arising from consumptions within China. In 2025, China's economy still faced ongoing challenges with subdued domestic demand and stagnant property sector. However, demand for steel consumption has shown signs of stabilisation. Supported by stabilised consumption for steels and contracted market supply in the second half of 2025, average selling price of our EMM Products for 2025 increased by 6.5% to HK\$13,092 per tonne (2024: HK\$12,289 per tonne). Coupled with our comprehensive cost control across key areas such as production, procurement, material management, tendering and operations, gross profit margin of EMM Products improved to 16.0% for 2025 (2024: 8.2%) and the gross profit contribution of EMM Products increased to HK\$309.3 million for 2025 (2024: HK\$166.0 million).
- In 2025, our production of battery materials including EMD continued to achieve satisfying results with increased sales volume and relatively stable average selling price. In the meantime, the Group also continued to implement comprehensive cost control measures. In the long term, the Group will continue to focus on seizing market share, securing raw materials supplies, strengthening product research and development, further upgrading our EMD production plants and expanding our production to other battery material products. For 2025, the average selling price of EMD was relatively stable at HK\$14,974 per tonne (2024: HK\$15,272 per tonne). Gross profit margin of EMD was maintained at 41.7% for 2025 (2024: 43.4%) and the gross profit contribution of EMD increased to HK\$524.3 million for 2025 (2024: HK\$486.1 million) which was driven by increase in sales volume.
- The Group recorded growth in revenue from manganese mining business which was driven by increase in sales volume and average selling price of Gabon manganese ores. However, as a result of higher domestic costs in Gabon, gross profit margin of manganese mining business for 2025 declined to 9.5% (2024: 17.3%) and the gross profit contribution of manganese mining business amounted to HK\$150.6 million for 2025 (2024: HK\$203.1 million).
- In 2025, the Group successfully achieved a turnaround of its trading business which was mainly attributable to the conscientious optimisation of trade product mix and adjustment of sales strategies during the year. As a result, despite the significant decrease in revenue from trading business, gross profit margin of trading business for 2025 turned around to 6.6% (2024: gross loss margin of 5.6%) and the gross profit contribution of trading business amounted to HK\$83.1 million for 2025 (2024: gross loss of HK\$465.3 million).

In summary, mainly due to the turnaround of trading business from gross loss for 2024 to gross profit for 2025, the Group's operating profit for 2025 amounted to HK\$305.2 million (2024: loss of HK\$375.7 million). Earnings before interest, taxes, depreciation and amortisation ("EBITDA") for 2025 turned around to HK\$788.6 million (2024: negative EBITDA of HK\$186.2 million) and the profit attributable to owners of the Company for 2025 was HK\$167.1 million (2024: loss of HK\$725.1 million). The significant loss for 2024 was also attributable to the impairment loss on amount due from Dushan Jinmeng of HK\$321.0 million was recognised in 2024.

## Comparison with 2024

### Revenue by segment



For 2025, total revenue was HK\$6,368.8 million (2024: HK\$13,210.5 million), representing a decrease of 51.8% as compared with 2024. The decrease was mainly due to decrease in sales revenue from trading business. Meanwhile, the increases in revenue from manganese mining segment and battery materials production segment were partially offset by the decrease in revenue from EMM and alloying materials production segment.

## Management Discussion and Analysis

### EMM and alloying materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit (HK\$'000)	Gross Profit Margin (%)
<b>Year 2025</b>							
EMM	130,642	13,135	1,716,006	10,947	1,430,076	285,930	16.7
Manganese briquette	17,380	12,768	221,905	11,424	198,542	23,363	10.5
	148,022	13,092	1,937,911	11,003	1,628,618	309,293	16.0
Alloy Products	-	-	-	-	-	-	-
Others	76,594	306	23,413	250	19,132	4,281	18.3
<b>Total</b>	<b>224,616</b>	<b>8,732</b>	<b>1,961,324</b>	<b>7,336</b>	<b>1,647,750</b>	<b>313,574</b>	<b>16.0</b>
<b>Year 2024</b>							
EMM	157,832	12,296	1,940,744	11,269	1,778,545	162,199	8.4
Manganese briquette	7,892	12,135	95,769	11,648	91,924	3,845	4.0
	165,724	12,289	2,036,513	11,287	1,870,469	166,044	8.2
Alloy Products	13,805	6,971	96,240	6,583	90,884	5,356	5.6
Others	65,021	464	30,171	294	19,137	11,034	36.6
<b>Total</b>	<b>244,550</b>	<b>8,845</b>	<b>2,162,924</b>	<b>8,099</b>	<b>1,980,490</b>	<b>182,434</b>	<b>8.4</b>

Revenue of EMM and alloying materials production segment decreased by 9.3% to HK\$1,961.3 million for 2025 (2024: HK\$2,162.9 million) mainly attributable to the followings:

- EMM Products continued to be one of our major products in terms of revenue. Due to decrease in overall market supply of EMM, average selling price of EMM Products increased by 6.5% to HK\$13,092 per tonne for 2025 (2024: HK\$12,289 per tonne), while sales volume of EMM Products decreased by 10.7% to 148,022 tonnes for 2025 (2024: 165,724 tonnes).
- there was no revenue of Alloy Products for 2025 as production has been halted since 2024.

Despite the decrease in revenue from EMM and alloying materials production segment, the increase in average selling price of EMM Products, coupled with the Group's comprehensive cost control measures, overall gross profit of EMM and alloying materials production segment increased by 71.9% to HK\$313.6 million for 2025 (2024: HK\$182.4 million) and its overall gross profit margin increased to 16.0% for 2025 (2024: 8.4%). On the other hand, results of this segment for 2025 was affected by losses incurred by Tiandeng Branch due to suspension of part of its manganese mine operations in the absence of a valid mining right. As a result of the foregoing, the EMM and alloying materials product segment recorded a segment profit of HK\$37.6 million for 2025 (2024: loss of HK\$393.7 million). The significant segment loss for 2024 was mainly attributable to the impairment losses on financial assets of HK\$321.0 million recognised for the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jimeng.

### Battery materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit/ (Loss) (HK\$'000)	Gross Profit/ (Loss) Margin (%)
<b>Year 2025</b>							
EMD	83,944	14,974	1,256,957	8,727	732,619	524,338	41.7
Manganese sulfate	49,014	3,055	149,738	3,180	155,885	(6,147)	(4.1)
Lithium manganese oxide	3,372	31,371	105,784	32,063	108,117	(2,333)	(2.2)
NCM	-	-	-	-	-	-	-
Trimanganese tetraoxide	3,623	12,194	44,178	11,306	40,961	3,217	7.3
<b>Total</b>	<b>139,953</b>	<b>11,123</b>	<b>1,556,657</b>	<b>7,414</b>	<b>1,037,582</b>	<b>519,075</b>	<b>33.3</b>
<b>Year 2024</b>							
EMD	73,407	15,272	1,121,037	8,650	634,960	486,077	43.4
Manganese sulfate	48,157	3,099	149,246	3,142	151,292	(2,046)	(1.4)
Lithium manganese oxide	6,510	34,731	226,100	34,404	223,971	2,129	0.9
NCM	0.7	62,857	44	75,714	53	(9)	(20.5)
Trimanganese tetraoxide	1,009	12,021	12,129	12,053	12,161	(32)	(0.3)
<b>Total</b>	<b>129,084</b>	<b>11,687</b>	<b>1,508,556</b>	<b>7,921</b>	<b>1,022,437</b>	<b>486,119</b>	<b>32.2</b>

For 2025, revenue of battery materials production segment remained stable at HK\$1,556.7 million (2024: HK\$1,508.6 million) mainly attributable to the followings:

- (a) EMD continued to be our major battery material product. Average selling price of EMD for 2025 remained stable at HK\$14,974 per tonne (2024: HK\$15,272 per tonne) and the sales volume of EMD for 2025 increased by 14.4% to 83,944 tonnes (2024: 73,407 tonnes), resulting in a mild increase in revenue from EMD.
- (b) For 2025, the average selling price of lithium manganese oxide decreased by 9.7% to HK\$31,371 per tonne (2024: HK\$34,731 per tonne) and sales volume decreased by 48.2% to 3,372 tonnes (2024: 6,510 tonnes), resulting in a decrease in revenue from lithium manganese oxide.

As a result of the above and the decrease in unit costs through comprehensive cost control on production, procurement, material management, tendering and operations, overall gross profit of battery materials production segment increased by 6.8% to HK\$519.1 million for 2025 (2024: HK\$486.1 million) and a slight increase in overall gross profit margin to 33.3% for 2025 (2024: 32.2%). The battery materials production segment recorded a relatively stable segment profit of HK\$387.1 million for 2025 (2024: HK\$386.5 million).

## Management Discussion and Analysis

### Manganese mining segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit (HK\$'000)	Gross Profit Margin (%)
<b>Year 2025</b>							
Gabon ore	1,721,054	860	1,479,403	785	1,350,399	129,004	8.7
Manganese concentrate	246,092	345	84,904	325	79,954	4,950	5.8
Natural discharging manganese powder and sand	8,924	2,377	21,214	509	4,541	16,673	78.6
<b>Total</b>	<b>1,976,070</b>	<b>802</b>	<b>1,585,521</b>	<b>726</b>	<b>1,434,894</b>	<b>150,627</b>	<b>9.5</b>
<b>Year 2024</b>							
Gabon ore	1,330,646	775	1,030,761	647	861,151	169,610	16.5
Manganese concentrate	313,813	356	111,572	329	103,119	8,453	7.6
Natural discharging manganese powder and sand	14,780	2,228	32,925	535	7,913	25,012	76.0
<b>Total</b>	<b>1,659,239</b>	<b>708</b>	<b>1,175,258</b>	<b>586</b>	<b>972,183</b>	<b>203,075</b>	<b>17.3</b>

For 2025, revenue of manganese mining segment increased by 34.9% to HK\$1,585.5 million (2024: HK\$1,175.3 million) primarily due to (i) increase in sales volume of Gabon ore mainly attributable to the demands from downstream producers; (ii) increase in average selling price of Gabon ore in response to increase in unit costs as a result of the higher domestic costs in Gabon.

Due to the increase in unit costs of Gabon ore, gross profit of manganese mining segment decreased by 25.8% to HK\$150.6 million for 2025 (2024: HK\$203.1 million). During 2025, results of the Group's manganese mining segment was also affected by the foreign exchange loss incurred by the Group's operations in Gabon due to depreciation of USD during the year and the significant losses incurred by Zunyi Company due to weak demand for manganese ore in the Zunyi region and high staff costs. As a result of the above, the manganese mining segment recorded a segment profit of HK\$31.5 million for 2025 (2024: HK\$171.1 million), representing a decrease of 81.5%.

## Management Discussion and Analysis

### Other business segment

	Revenue (HK\$'000)	Cost of Sales (HK\$'000)	Gross Profit/(Loss) (HK\$'000)	Gross Profit/(Loss) Margin (%)
<b>Year 2025</b>				
Trading	1,265,250	1,182,113	83,137	6.6
<b>Year 2024</b>				
Trading	8,363,781	8,829,044	(465,263)	(5.6)

Revenue of other business segment decreased to HK\$1,265.3 million for 2025 (2024: HK\$8,363.8 million), representing a decrease of 84.9%, whereas its gross profit margin turned around to 6.6% (2024: gross loss margin of 5.6%) with a gross profit amounted to HK\$83.1 million (2024: gross loss of HK\$465.3 million). These were primarily attributable to the Group's conscientious optimisation of trade product mix and adjustment of sales strategies for trading business in 2025.

### Cost of Sales

Total cost of sales decreased by 58.6% to HK\$5,302.3 million in 2025 (2024: HK\$12,804.2 million) in line with the decrease of revenue.

### Gross Profit

For 2025, the Group recorded a gross profit of HK\$1,066.4 million (2024: HK\$406.4 million), which represented an increase of HK\$660.0 million from 2024, or 162.4%. The Group's overall gross profit margin was 16.7%, representing an increase of 13.6 percentage points from 3.1% for 2024. The improvements in overall gross profit and gross profit margin were primarily driven by (i) the turnaround of trading business from gross loss for 2024 to gross profit for 2025; and (ii) the increase in gross profit and gross profit margin of EMM Products for 2025 as compared to 2024.

### Other Income and Gains

Other income and gains amounted to HK\$106.3 million for 2025 (2024: HK\$144.2 million) which mainly represented subsidy income, income from sale of scraps, rental income and other miscellaneous income.

### Selling and Distribution Expenses

Selling and distribution expenses for 2025 decreased by 46.0% to HK\$71.9 million (2024: HK\$133.0 million), which was generally in line with decrease in revenue.

### Administrative Expenses

Administrative expenses remained stable at HK\$545.5 million for 2025 (2024: HK\$523.9 million).

## Management Discussion and Analysis

### Impairment Losses on Non-Financial Assets

Impairment losses on non-financial assets amounted to HK\$42.9 million for 2025 (2024: HK\$17.8 million) which mainly represented impairment of investments in associates and impairment losses on certain obsolete plant and machinery of the Group. The amount for 2025 included impairment of investments in associates of HK\$31.6 million to account for the operation uncertainty of such associates due to shareholders' disputes.

### Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net, amounted to HK\$50.6 million for 2025 (2024: HK\$353.5 million) mainly in respect of other receivables due to non-performance and expiry of contract. The amount for 2024 mainly represented impairment allowance on amount due from our 33.00%-owned associate Dushan Jinmeng of HK\$321.0 million arising from the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jinmeng.

### Finance Costs

For 2025, finance costs were HK\$155.5 million (2024: HK\$144.8 million), representing an increase of 7.4% despite the decrease in the Group's total borrowings, which was mainly attributable to the recognition of a reversal of accrued interest amounted to HK\$60.4 million on social insurance contribution payables for 2024.

### Other Expenses, Net

Other expenses, net, decreased to HK\$94.7 million for 2025 (2024: HK\$124.6 million) mainly because the Group recognised losses of HK\$88.8 million arising from disposal of goods by suppliers for non-performance of manganese ore procurement contracts during 2024.

### Share of Profits and Losses of Associates

For 2025, share of profits of associates of HK\$23.7 million (2024: losses of HK\$10.1 million) mainly represents share of results of Qingdao Manganese.

### Income Tax Expense

For 2025, effective tax rate was 39.0% (2024: -5.9%) which was higher than the applicable corporate income tax rate of China in which the Group mainly operates, primarily because certain subsidiaries recording losses in the year did not recognise deferred tax arising from such losses for prudence and there were certain expenses not deductible for tax purposes. A reconciliation of the income tax expense at the statutory rate to that at the effect tax rate has been set out in note 11 to the consolidated financial statements.

### Profit/(Loss) Attributable to Owners of the Company

For 2025, profit attributable to owners of the Company was HK\$167.1 million (2024: loss of HK\$725.1 million).

### Earnings/(Loss) per Share

For 2025, earnings per share attributable to owners of the Company was HK\$0.0394 (2024: loss per share of HK\$0.2115).

### Final Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: HK\$Nil).

### Liquidity and Financial Resources

#### Cash and bank balances

As at 31 December 2025, the currency denomination of the Group's cash and bank balances including pledged deposits and restricted deposits were as follows:

Currency Denomination	2025 HK\$ million	2024 HK\$ million
Denominated in:		
RMB	1,541.1	655.9
HKD	1.9	3.3
USD	120.2	48.9
XAF	33.5	4.4
EUR	4.9	0.1
	<b>1,701.6</b>	712.6

As at 31 December 2025, our cash and bank balances including pledged deposits and restricted deposits were HK\$1,701.6 million (2024:HK\$712.6 million) while the Group's borrowings amounted to HK\$3,645.6 million (2024: HK\$3,945.6 million). The Group's borrowings net of cash and bank balances as at 31 December 2025 amounted to HK\$1,944.0 million (2024: HK\$3,233.0 million).

To manage liquidity risk, the Group continues to monitor current and expected liquidity requirements to secure sufficient balance of cash in the short and long terms as well as facilities from banks and financial institutions.

#### Other major changes in working capital

As at 31 December 2025, prepayments, other receivables and other assets classified under current assets decreased by 28.3% to HK\$761.9 million (2024: HK\$1,062.1 million). It was mainly attributable to decrease in purchase deposits for manganese ores.

#### Net current liabilities

As at 31 December 2025, the Group's net current liabilities decreased to HK\$1,439.9 million (2024: HK\$1,659.4 million). The decrease in net current liabilities was mainly attributable to the better operating results for 2025 and the improved liquidity position of the Group after completion of the placings of new Shares under general mandate on 2 May 2025 ("First Placing") and 28 July 2025 ("Second Placing").

## Management Discussion and Analysis

### Bank and other Borrowings

As at 31 December 2025, the Group's borrowing structure and maturity profile were as follows:

<b>Borrowing structure</b>	<b>2025 HK\$ million</b>	<b>2024 HK\$ million</b>
Secured borrowings (including lease liabilities)	<b>1,713.2</b>	1,300.7
Unsecured borrowings	<b>1,932.4</b>	2,644.9
	<b>3,645.6</b>	3,945.6

<b>Maturity profile</b>	<b>2025 HK\$ million</b>	<b>2024 HK\$ million</b>
Repayable:		
On demand or within one year	<b>2,851.9</b>	2,910.1
After one year and within two years	<b>626.1</b>	229.3
After two years and within five years	<b>167.6</b>	806.2
	<b>3,645.6</b>	3,945.6

<b>Currency denomination</b>	<b>2025 HK\$ million</b>	<b>2024 HK\$ million</b>
Denominated in:		
RMB	<b>3,644.2</b>	3,944.1
USD	<b>0.2</b>	0.4
HK\$	<b>1.2</b>	1.1
	<b>3,645.6</b>	3,945.6

## Management Discussion and Analysis

As at 31 December 2025, borrowings as to the amounts of HK\$3,645.6 million (2024: HK\$3,719.1 million) and HK\$Nil (2024: HK\$226.5 million), carried fixed and floating rate interest respectively. The fixed rate borrowings carried interest at rates ranging from 0.96% to 8.25%. The floating rate borrowings as at 31 December 2024 comprised RMB denominated loans carrying interest at a premium up to 45 basis points above the China Loan Prime Rate.

Overall, aggregate borrowings decreased to HK\$3,645.6 million as at 31 December 2025 (2024: HK\$3,945.6 million). The Group is continuing to explore various means including short-term or medium-term notes to improve borrowing structure in terms of interest rate level and repayment terms.

The Group will also continue to implement the debt reduction proposal approved by the shareholders of the Company at the special general meeting held on 9 July 2025, under which both total borrowings and net gearing ratio of the Group as at 31 December 2025 decreased as compared to those at 31 December 2024.

### Charge on group assets

As at 31 December 2025, (a) right-of-use assets of HK\$1.5 million (2024: HK\$1.5 million) related to property, plant and equipment were held under leases; (b) bank balances of HK\$858.7 million (2024: HK\$282.4 million) were pledged to secure certain of the Group's bank acceptance notes payable and bank borrowings; (c) property, plant and equipment and leasehold lands of HK\$1,055.7 million (2024: HK\$824.2 million) and no trade receivables (2024: HK\$44.1 million) were pledged to secure certain of the Group's bank and other borrowings; and (d) bank balances of HK\$35.8 million (2024: HK\$27.8 million) were restricted to secure certain potential claims from disputes with customers.

### Key Financial Ratios of the Group

	2025	2024
Current ratio	<b>0.74</b>	0.69
Quick ratio	<b>0.61</b>	0.51
Net gearing ratio	<b>66.6%</b>	136.9%

Current ratio = balance of current assets at the end of the year/balance of current liabilities at the end of the year

Quick ratio = (balance of current assets at the end of the year — balance of inventories at the end of the year)/balance of current liabilities at the end of the year

Net gearing ratio = Calculated as net debt divided by equity attributable to owners of the Company. Net debt is defined as the sum of interest-bearing bank and other borrowings less cash and cash equivalents, pledged deposits and restricted deposits

As at 31 December 2025, current ratio, quick ratio and net gearing ratio of the Group improved as compared to those as at 31 December 2024, mainly as a result of the better operating results for 2025 and the improved liquidity position of the Group after completion of the First Placing and the Second Placing in 2025.

## Management Discussion and Analysis

### Use of Proceeds

#### (a) Use of Proceeds from IPO

Up to 31 December 2025, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

Description	Amount designated in Prospectus (HK\$ Million)	Amount utilised up to 31.12.2025 (HK\$ Million)	% utilised	Amount utilised up to 31.12.2024 (HK\$ Million)	% utilised
1 Expansion project at Daxin EMD Plant	79	79	100	79	100.0
2 Expansion project of underground mining and ore processing at Daxin Manganese Mine	278	278	100	278	100.0
3 Expansion and construction projects of our EMM production facilities	516	516	100	516	100.0
4 Construction project at Chongzuo Base	59	59	100	59	100.0
5 Development of Bembélé Manganese Mine and associated facilities	119	119	100	119	100.0
6 Technological improvement and renovation projects at our production facilities	40	40	100	40	100.0
7 Acquisition of mines and mining rights	397	336	84.6	322	81.1
8 Repayment on a portion of our bank borrowings	297	297	100	297	100.0
9 Working capital and other corporate purposes	198	198	100	198	100.0
Total	1,983	1,922	96.9	1,908	96.2

As at 31 December 2025, proceeds from IPO designated for acquisition of mines and mining rights to the extent of HK\$61 million was not yet utilised. According to the Prospectus, the proceeds shall be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities. During 2025, HK\$13.7 million was utilised and paid to the PRC government to extend the mining right of Changgou Manganese Mine, Daxin Manganese Mine and Tiandeng Manganese Mine. The unutilised proportion of IPO proceeds of HK\$61 million is expected to be fully utilised on or before the year ending 31 December 2032. The unutilised portion of IPO proceeds continues to be maintained in deposits with licensed banks.

### **(b) Use of Proceeds from the First Placing**

On 2 May 2025, an aggregate of 685,691,800 new Shares was issued at a price of HK\$0.21 per Share to one placee, Mr. Cheung Ming, pursuant to the placing agreement (the “First Placing Agreement”) dated 11 April 2025, representing approximately 16.67% of the enlarged issued share capital of the Company immediately following the First Placing. The aggregate nominal value of the 685,691,800 new Shares was HK\$68,569,180. The placing price of HK\$0.21 per Share represented (i) a discount of approximately 13.58% to the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on 11 April 2025, being the date of the First Placing Agreement; and (ii) a discount of approximately 18.79% to the average closing price of HK\$0.2586 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of the First Placing Agreement. The net price per share for the subscription after deducting related costs and expenses is approximately HK\$0.2056 per Share and the net proceeds raised from the First Placing were approximately HK\$140.97 million. Up to 31 December 2025, the net proceeds from the First Placing were fully utilised in accordance with the designated uses set out in the announcement of the Company dated 11 April 2025.

### **(c) Use of Proceeds from the Second Placing**

On 28 July 2025, an aggregate of 822,830,160 new Shares was issued at a price of HK\$0.224 per Share to one placee, Honor Aim Limited, pursuant to the placing agreement (the “Second Placing Agreement”) dated 8 July 2025, representing approximately 16.67% of the enlarged issued share capital of the Company immediately following the Second Placing. The aggregate nominal value of the 822,830,160 new Shares was HK\$82,283,016. The placing price of HK\$0.224 per Share represented (i) a discount of approximately 18.55% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on 8 July 2025, being the date of the Second Placing Agreement; and (ii) a discount of approximately 19.13% to the average closing price of HK\$0.277 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of the Second Placing Agreement. The net price per share for the subscription after deducting related costs and expenses is approximately HK\$0.2193 per Share and the net proceeds raised from the Second Placing were approximately HK\$180.44 million. Up to 31 December 2025, the net proceeds from the Second Placing were fully utilised in accordance with the designated uses set out in the announcements of the Company dated 8 July 2025 and 15 July 2025.

## **Liquidity risk and going concern basis**

The Group monitors its risk to a shortage of funds on an on-going basis by closely monitoring the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group’s objective is to maintain sufficient working capital to finance its operations and meet its financial obligation as and when they fall due. At the same time, the Group will strive a balance between continuity of funding and flexibility through the use of short-term and long-term bank loans, finance leases, other interest-bearing borrowings and short-term and medium-term notes, taking also into account of the different pricing of various financing for each alternatives. Due consideration will also be given to equity financing alternatives.

As at 31 December 2025, the Group had net current liabilities of HK\$1,439.9 million (2024: HK\$1,659.4 million), out of which HK\$2,851.9 million represented bank and other borrowings repayable within one year.

## Management Discussion and Analysis

The Directors have carefully considered the Group's future liquidity, operational performance, and available sources of finance in assessing whether the Group has sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows and sustain its operations as a going concern, the Group has implemented or is in the process of implementing the following measures:

- (a) The Group continues to restructure the mix of manganese products processing, aiming to increase the proportion of high-margin products to achieve profitable operations and positive cash flows. Specifically, the Group is ramping up the mining and processing capacity of existing mines. Additionally, in response to the trend of commodity prices for manganese ore and non-manganese metals, the Group has adjusted the sales strategies of its trading operations in 2025.
- (b) The Group is implementing measures to tighten cost controls over administrative and other operating expenses, with the objective of improving its working capital and cash flow position, including closely monitoring daily operating expenditures.
- (c) The Group is actively following up with debtors to accelerate the collection of outstanding receivables.
- (d) Contract liabilities of HK\$231.1 million represent non-financial liabilities that do not require immediate cash outflows and will be recognised as revenue in the subsequent year upon fulfilment of performance obligations.
- (e) The Group maintains strong, long-term relationship with its core banks, which provide continued support. To manage upcoming debt maturities, management is actively engaged in refinancing negotiations for borrowings due in the year ending 31 December 2026. Between 1 January 2026 and the date of authorisation of the consolidated financial statements of the Group, the Group has successfully renewed existing borrowings and obtained new bank borrowings totalling HK\$521.0 million, of which HK\$311.1 million have maturity of over one year or beyond. Together with the availability of unutilised banking facilities, which are subject to final bank approval upon drawdown, the directors are of the opinion that the Group will be able to renew existing or secure new banking facilities, ensuing sufficient liquidity to support its operations throughout the year ending 31 December 2026.
- (f) Certain existing high-value assets, including leasehold land, investment properties, property, plant and equipment, and mining rights, can be offered as security for further financing, if necessary.
- (g) The Directors have prepared a cash flow forecast for the Group, which covers a period of twelve months from the end of the reporting period. The forecast indicates that the Group is able to generate sufficient operating cash inflows to meet its current and future obligations.
- (h) The Group is actively exploring alternative financing options, including equity issuance and other forms of financing, to strengthen its financial position and reduce reliance on short-term borrowings.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to sustain its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

### Credit risk

The Group endeavoured to maintain strict control over its outstanding receivables to minimise credit risk. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one to three months from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. Overdue balances are regularly reviewed by senior management. Since the Group's trade and notes receivables related to a large number of diversified customers, there was no significant concentration of credit risk save for a customer described below. The Group normally did not hold any collateral or other credit enhancements over its trade and notes receivable balances.

As at 31 December 2025, the customer with the largest balance of trade and notes receivables of the Group was a customer together with its subsidiaries ("Customer A") which is principally engaged in manganese ferroalloy production and manganese ore trading in China. As at 31 December 2025, trade receivables due from Customer A was HK\$232.0 million (31 December 2024: HK\$232.0 million) and represented 34.8% (31 December 2024: 27.4%) of the Group's total trade receivables, which was totally overdue and fully provided as at 31 December 2025 and 31 December 2024. The Group continues to negotiate a repayment schedule with Customer A and will take further legal actions when necessary to speed up the collections of the debts.

As at 31 December 2025, the fully impaired amount due from Dushan Jinmeng of HK\$324.2 million (2024: HK\$316.2 million) was arising from the settlement of guarantee liability in 2024 for a corporate guarantee provided by the Group on banking facilities granted to Dushan Jinmeng since 2015. Dushan Jinmeng's leasehold land and certain of its property, plant and equipment was pledged to the Group to secure the repayment and this right over charge will be exercisable if Duhan Jinmeng does not repay the amount on or before 19 May 2027.

### Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to interest rate changes in the China Loan Prime Rate. If the China Loan Prime Rate increases, our finance costs will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the costs of new debt obligations.

### Foreign exchange risk

The Group's operations are primarily in Hong Kong, the PRC and Gabon. Foreign exchange risks for operations in each location are set out below.

- (a) In respect of our trading operations in Hong Kong, our sales and purchases are both denominated in United States dollars. In addition, Hong Kong dollars is pegged to United States dollars and hence foreign exchange risk is minimal.
- (b) In respect of our mining and downstream operations in the PRC, our products are sold to local customers in RMB and to a less extent to overseas customers in United States dollars. Major expenses of our PRC operations are denominated in RMB. Our PRC operations face minimal foreign exchange risks except for the followings:

The Group imported manganese ores for self-use from overseas suppliers which are denominated in United States dollars to cope with its production of alloy materials and trading purpose. In addition, certain of our purchases was financed by bank borrowings denominated in United States dollars. In order to contain the foreign currency risk in association with such purchases, the Group may enter into forward currency contracts for selected major purchases at the time of entering into the relevant purchase contracts or loan contracts to secure against exchange rate movements.

## Management Discussion and Analysis

- (c) In respect of our Gabon operation, our income is substantially denominated in RMB and United States dollars and all major local expenses are denominated in RMB and XAF, which is pegged to EURO; while the freight charges are dominated in United States dollars.

### Business Model and Strategy

The Group strives to be the global leading one stop and vertical integrated manganese producer while maintaining the Group's long term profitability and assets growth with adoption of flexible business model and strategy and prudent risk and capital management framework. We intend to adopt and implement the following strategies to achieve our objective:

- (a) expand and upgrade our manganese resources and reserves through exploration and enhance our strategic control of manganese resources and reserves through mergers and acquisitions;
- (b) enhance our operational efficiency and profitability; and
- (c) establish and consolidate our strategic relationships with selected major customers and industry leading partners.

### Future Development and Outlook

In 2025, geopolitical tensions and the reciprocal tariffs imposed by the United States disrupted capital markets and weighed on global economic activity. Although the impacts have gradually eased, the uncertainties cannot be easily shaken off. Looking ahead, despite persistent global uncertainties, our major market, China, is poised to outperform the rest of the world. It has proliferated broad-based economic stimulus policies, aimed at spurring domestic consumption, are likely to accelerate demand for high-purity manganese products such as EMM and EMD. We will continue to monitor these developments closely and adjust our strategies in line with evolving market conditions. With our refined management, disciplined production process and strong customer and supplier relationships, we are well positioned to navigate in year ahead and pursue opportunities that support sustainable, long-term value creation.

### Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the latest five financial years has been set out in the section headed "Five Year Financial Summary" of this annual report.

# Mineral and Mining Report



# Mineral and Mining Report

## Resources and Reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2025:

### Summary of our manganese mineral resources

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2025	31.12.2025	31.12.2024	31.12.2024
Daxin Manganese Mine	100%	Measured	3.24	26.08	3.32	26.05
		Indicated	54.32	22.03	54.81	22.02
		Subtotal	57.56	22.26	58.13	22.25
		Inferred	0.43	21.23	0.43	21.23
		Total	57.99	22.25	58.56	22.24
Tiandeng Manganese Mine	100%	Measured	0.53	18.43	0.53	18.43
		Indicated	2.22	17.64	2.22	17.64
		Subtotal	2.75	17.79	2.75	17.79
		Inferred	3.27	14.32	3.43	14.32
		Total	6.02	15.90	6.18	15.90
Waifu Manganese Mine	100%	Measured	-	-	-	-
		Indicated	-	-	-	-
		Subtotal	-	-	-	-
		Inferred	1.54	17.52	1.54	17.52
		Total	1.54	17.52	1.54	17.52
Changgou Manganese Mine	64%	Measured	4.58	20.45	3.06	20.45
		Indicated	12.69	20.32	14.65	20.32
		Subtotal	17.27	20.34	17.71	20.34
		Inferred	3.23	20.50	3.24	20.50
		Total	20.50	20.37	20.95	20.37
Bembélé Manganese Mine	51%	Measured	-	-	-	-
		Indicated	49.15	26.95	2.40	34.41
		Subtotal	49.15	26.95	2.40	34.41
		Inferred	22.18	30.32	12.37	32.74
		Total	71.33	27.80	14.77	33.01
Total			157.38		102.00	

## Summary of our manganese ore reserves

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2025	31.12.2025	31.12.2024	31.12.2024
Daxin Manganese Mine	100%	Proved	3.02	20.61	3.10	20.72
		Probable	51.86	19.17	52.35	19.19
		Total	54.88	19.25	55.45	19.27
Tiandeng Manganese Mine	100%	Proved	0.49	15.86	0.49	15.86
		Probable	2.09	16.28	2.09	16.28
		Total	2.58	16.20	2.58	16.20
Waifu Manganese Mine	100%	Proved	-	-	-	-
		Probable	-	-	-	-
		Total	-	-	-	-
Changgou Manganese Mine	64%	Proved	4.58	20.45	3.06	20.45
		Probable	12.69	20.32	14.65	20.32
		Total	17.27	20.34	17.71	20.34
Bembélé Manganese Mine	51%	Proved	-	-	-	-
		Probable	10.90	29.21	2.39	22.35
		Total	10.90	29.21	2.39	22.35
Total			85.63		78.13	

Note: The figures of the aforesaid manganese resources and manganese ore reserves are rounded to two decimal place and these figures may show apparent addition errors.

**Assumptions:**

The figures of the aforesaid manganese resources and manganese ore reserves are based on the following assumptions:

- (1) (a) The manganese resources and manganese ore reserves for Daxin Manganese Mine and Tiandeng Manganese Mine are based on the estimate as per the independent technical review report as shown in the Prospectus. The decreases of the manganese resources and manganese ore reserves in the aforesaid mines during the year were largely due to mining depletion. The year end amounts have been confirmed by our internal experts.
  - (b) The manganese resources and manganese ore reserves for Changgou Manganese Mine are based on the estimate in accordance with 《錳礦礦產資源儲量核實報告》(Manganese Resources Verification Report) newly prepared in July 2020. The year end amounts have been confirmed by our internal experts.
  - (c) The manganese resources and manganese ore reserves for Waifu Manganese Mine are based on the estimate in accordance with 《靖西縣湖潤外伏錳礦礦產資源量核實地質報告評審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jingxi County) dated 17 July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Chu Wei Resources Limited Company). The year end amounts have been confirmed by our internal experts.
  - (d) The increase of the manganese resources and manganese ore reserves for Bembélé Manganese Mine is based on the estimate as per the independent technical review prepared by our external competent person during the year.
- (2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical reports continue to apply and have not been materially changed.

## Mineral and Mining Report

### Exploration, Development, and Mining Activities

#### I) Exploration

##### **Overview**

There were no significant progress in respect of our exploration works and we have not conducted any exploration drilling works in the PRC. Our main focus was to continue to carry out geological exploration work at Bembélé Manganese Mine in Gabon and we have achieved certain exploration results.

##### **Daxin Manganese Mine**

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Daxin Manganese Mine.

##### **Tiandeng Manganese Mine**

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Tiandeng Manganese Mine.

##### **Waifu Manganese Mine**

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Waifu Manganese Mine.

##### **Changgou Manganese Mine**

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Changgou Manganese Mine.

##### **Bembélé Manganese Mine**

During the year, we continued the following geological exploration work at Bembélé Manganese Mine:

- (1) drilling exploration work based on the detailed geological investigation of Bembélé Manganese Mine, and continued to make good exploration project planning and production exploration plans in the mining rights area;
- (2) the established work plan for the southern block of Bembélé Manganese Mine as a working target area has been completed;
- (3) increasing geological exploration work within the scope of the exploration rights to provide new resource mining areas for the sustainable development of the project.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Bembélé Manganese Mine during the year.

#### II) Development

##### **Daxin Manganese Mine**

During the year, we continued the following infrastructure works or projects at the Daxin Manganese Mine:

Our outsourced contractor continued the 1,000,000 tonnes/year expansion project for the underground mining at southern mining zone of Daxin Manganese Mine. As at 31 December 2025, the tunnel construction works amounted to approximately 19,683 metres in length.

Save as disclosed hereinabove, during the year, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Daxin Manganese Mine.

### ***Tiandeng Manganese Mine***

During the year, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Tiandeng Manganese Mine during the year.

### ***Waifu Manganese Mine***

During the year, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Waifu Manganese Mine.

### ***Changgou Manganese Mine***

During the year, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Changgou Manganese Mine during the year.

### ***Bembélé Manganese Mine***

During the year, we continued the following infrastructure works or projects at the Bembélé Manganese Mine:

- (1) the core library construction project of Bembélé Manganese Mine has been completed to provide guarantee for geological exploration engineering and geological analysis;
- (2) the technical renovation project of the rail extension line at Ndjole transfer station has entered the acceptance and trial operation stage to further improve the efficiency of manganese ore transportation to the terminal;
- (3) continue to carry out heightening and capacity upgrade projects for the tailings pond.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Bembélé Manganese Mine during the year.

## Mineral and Mining Report

### III) Mining activities

#### (1) Mining operations

##### *Daxin Manganese Mine*

	2025	2024
<b>Open pit mining</b>		
Mining production volume (thousand tonnes)	–	–
<b>Underground mining</b>		
Mining production volume (thousand tonnes)	890	593
Total mining production (thousand tonnes)	890	593
<b>Average manganese grade</b>		
Manganese carbonate ore	12.0%	11.9%
Manganese oxide ore	–	–

##### *Tiandeng Manganese Mine*

	2025	2024
<b>Open pit mining</b>		
Mining production volume (thousand tonnes)	–	234
<b>Average manganese grade</b>		
Manganese carbonate ore	–	11.9%
Manganese oxide ore	–	13.1%

### **Waifu Manganese Mine**

During the year, there were no mining production.

### **Changgou Manganese Mine**

	2025	2024
<b>Underground mining</b>		
Mining production volume (thousand tonnes)	188	33
Average manganese carbonate grade	15.9%	16.0%

### **Bembélé Manganese Mine**

	2025	2024
<b>Open pit mining</b>		
Mining production volume (thousand tonnes)	1,549	1,954
Average manganese oxide grade	31.5%	30.7%

Note: Figures for mining production are rounded to nearest whole number and figures for manganese grade are rounded to one decimal place and these figures may show apparent addition errors.

## Mineral and Mining Report

### (2) Ore processing operations

- Concentrating

<b>Production volume (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin Concentration Plant</b>		
Manganese carbonate concentrate	<b>835</b>	873
Manganese oxide concentrate	<b>41</b>	–
<b>Total</b>	<b>876</b>	873
<b>Average manganese grade of concentrate</b>		
Manganese carbonate concentrate	<b>16.3%</b>	17.1%
Manganese oxide concentrate	<b>33.0%</b>	–
<b>Tiandeng Concentration Plant</b>		
Manganese carbonate concentrate	<b>164</b>	516
Manganese oxide concentrate	<b>61</b>	55
<b>Total</b>	<b>225</b>	571
<b>Average manganese grade of concentrate</b>		
Manganese carbonate concentrate	<b>12.4%</b>	10.2%
Manganese oxide concentrate	<b>19.2%</b>	20.1%
<b>Bembélé Concentration Plant</b>		
Manganese oxide concentrate	<b>1,002</b>	1,078
Average manganese grade of concentrate	<b>34.6%</b>	34.6%

- Grinding

<b>Production volume (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin Grinding Plant</b>		
Powder produced	<b>874</b>	1,058
<b>Tiandeng Grinding Plant</b>		
Powder produced	<b>157</b>	477

Note: Figures for concentrating and grinding are rounded to nearest whole number and the figures for manganese grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

**IV) Downstream processing operations**

**(1) EMM and alloying materials**

- EMM

Our existing EMM production facilities include Daxin EMM Plant, DXML EMM Plant, Tiandeng EMM Plant and Guangxi Start EMM Plant. Details of EMM production are set out below:

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin EMM Plant</b>	<b>52.4</b>	99.0
<b>DXML EMM Plant</b>	<b>2.5</b>	10.4
<b>Tiandeng EMM Plant</b>	<b>9.9</b>	39.2
<b>Guangxi Start EMM Plant</b>	<b>8.6</b>	17.3
<b>Total</b>	<b>73.4</b>	165.9

- Manganese briquette

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin Branch</b>	<b>8.1</b>	10.3

- Silicomanganese alloy

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Qinzhou Ferroalloy Plant</b>	<b>-</b>	1.8
<b>Xingyi Ferroalloy Plant</b>	<b>-</b>	11.3
<b>Total</b>	<b>-</b>	13.1

## Mineral and Mining Report

### (2) Battery materials

- EMD

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin EMD Plant</b>	<b>8.9</b>	17.2
<b>Huiyuan Manganese</b>	<b>31.1</b>	62.8
<b>Total</b>	<b>40.0</b>	80.0

- Lithium manganese oxide

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Chongzuo Branch</b>	<b>1.6</b>	6.4

- Manganese sulfate

<b>Production (thousand tonnes)</b>	<b>2025</b>	2024
<b>Daxin Manganese Sulfate Plant</b>	<b>4.6</b>	20.2
<b>Huiyuan Manganese</b>	<b>18.1</b>	28.5
<b>Total</b>	<b>22.7</b>	48.7

Notes: All our other manganese downstream processing products are rounded to nearest one decimal place and these figures may show apparent addition errors.

**V) Exploration, Development and Mining Cost of the Group**

Expenses of exploration, development and mining activities of the Group for the year ended 31 December 2025 are set out below:

(HK\$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
<b>Exploration activities</b>						
Purchases of assets and equipment	-	-	-	-	-	-
Drilling and analysis	-	-	-	-	-	-
Staff cost	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Sub-contracting fee	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Others	-	-	-	-	5,544	5,544
	-	-	-	-	5,544	5,544
<b>Development activities (including mine construction)</b>						
Purchases of assets and equipment	-	-	-	12,056	-	12,056
Construction of mines, tunnels and roads	-	-	-	-	-	-
Staff cost	-	-	-	-	-	-
Others	865	-	-	-	-	865
	865	-	-	12,056	-	12,921
<b>Mining activities*</b>						
Staff cost	5,006	-	-	7,304	619	12,929
Consumables	620	-	-	1,576	2,916	5,112
Fuel, electricity, water and other services	1,640	-	-	4,059	-	5,699
Transportation	6,979	-	-	-	39,683	46,662
Sub-contracting fee	153,481	-	-	47,756	96,686	297,923
Depreciation	36,201	-	-	-	10,679	46,880
Others	7,058	-	-	152	13,516	20,726
	210,985	-	-	60,847	164,099	435,931

(\* Concentrating not included)

Note: The above figures are rounded to nearest whole number and these figures may show apparent addition errors.

# Directors and Senior Management Profiles



# Directors and Senior Management Profiles

## Executive Directors

**Mr. Zhang He (張賀)**, aged 39, joined the Company in December 2020 and is currently the Chairman of the Board and an Executive Director of the Company. He is also a member of the Remuneration Committee and the Nomination Committee. He is also a director of South Manganese Group Limited and several subsidiaries of the Group. He is responsible for the overall operation and management of the Group. Mr. Zhang holds a master's degree in accounting from Jilin University. Before joining the Company, he had over 10-year experience in domestic and overseas securities markets and the standardized operations of listed companies and has extensive company management work experience.

**Mr. Xu Xiang (徐翔)**, aged 31, joined in 2022 and is an Executive Director and vice president of the Company. He holds a double bachelor's degree in auditing from Nanjing Audit University. From 2017 to 2021, he worked in different audit firm and investment fund management company handling audit, investment and risk management works. Subsequently, he joined South Manganese Group in April 2021 as the general manager assistant. Mr. Xu holds the fund practitioner qualification certificate and securities industry qualification certificate. He has extensive experience in the fields of accounting, auditing, investment and risk management.

**Mr. Liu Yang (劉陽)**, aged 44, joined in 2024 and is an Executive Director of the Company. He obtained the bachelor's degree in law from Liaoning University in June 2006. From March 2013 to September 2016, he was the person in charge of the internal audit department of Bank of Jinzhou. From October 2016 to October 2019, he was the person in charge of the risk management department of Bank of Jinzhou. From October 2019 to August 2024, he served as the person in charge of the internal control and compliance department of Bank of Jinzhou.

**Mr. Pan Shenghai (潘聲海)**, aged 56, joined in 2022 and is an Executive Director of the Company. He graduated from Zhongnan University of Economics and Law with a bachelor degree in accounting. He worked as the manager of investment and development department of Guangxi Communications Industry Co., Ltd., which is a wholly owned subsidiary of Guangxi Communications Investment Group Co., Ltd. ("Guangxi Communications Investment", the indirect holding company of Guangxi Dameng (an indirect substantial shareholder of the Company)) from December 2009 to June 2015. He worked in Guangxi Communications Investment Trading Co., Ltd. (a wholly owned subsidiary of Guangxi Communications Investment) from July 2015 to October 2020, with his last position as the manager of the risk control department. Thereafter, he joined Guangxi Dameng in November 2020 as the head of the operation and management department and currently served as the vice general manager of Guangxi Dameng. Mr. Pan holds a PRC legal professional qualification certificate and a senior accountant qualification certificate. Mr. Pan has extensive experience in business management, risk control, investment development and other fields.

**Ms. Cui Ling (崔凌)**, aged 50, joined in 2019 and is an Executive Director of the Company. Ms. Cui was the head of financial department of Linan Railway Co., Ltd. (an associate company of Guangxi Railway Investment Group Co., Ltd. ("Guangxi Railway", the direct controlling shareholder of Guangxi Dameng (an indirect substantial shareholder of the Company))) from 2011 to 2012. She has held a number of positions in Guangxi Railway and certain of its subsidiaries since May 2012 including the deputy head of finance and planning department of Guangxi Railway from 2014 to 2018. She served as the deputy general manager and chief financial officer of Guangxi Dameng from 2018 to 2021, and has been redesignated as a director of Guangxi Dameng since November 2021. Ms. Cui graduated from Beijing Jiaotong University with a major in accounting and has the certified senior accountant qualification in the PRC.

## Directors and Senior Management Profiles

**Mr. An Wei (安慰)**, aged 43, joined in 2024 and is an Executive Director and a vice president of the Company. He obtained a Bachelor of Arts degree from Liaoning University in June 2006. From September 2012 to September 2016, Mr. An served as the head of the supervisory board's office and deputy director of the president's office of Bank of Jinzhou Co., Ltd. From September 2016 to June 2022, he served as the head of board of directors' office of Bank of Jinzhou Co., Ltd. From December 2019 to June 2022, he also served as the head of strategic investment and development department of Bank of Jinzhou Co., Ltd. Mr. An has over 17 years of banking experience, with extensive experience in administrative management, corporate governance, strategic investment and subsidiary management.

Mr. An obtained legal advice on 21 October 2025 and confirmed his understanding on his obligations as a Director of the Company.

**Mr. Zhan Haiqing (詹海青)**, aged 59, joined the Group in 2005 and is an Executive Director and the Chief Executive Officer of the Company. He is also the party secretary and chairman of South Manganese Group. He obtained a master's degree in business administration from Huazhong University of Science and Technology in March 2009 and the title of senior engineer in December 2016. He is also a member of the Global Executive Committee and the chairman of the Electrolytic Manganese Committee of the International Manganese Institute. Mr. Zhan has over 34 years of experience in product research and development, project construction, production and sales, and corporate management in the manganese industry. He serves as the deputy director of the Expert Committee of the National Manganese Industry Technical Committee (全國錳業技術委員會), the vice president of the China Metallurgical Mines' Association of China (中國冶金礦山企業協會), the chairman of the Manganese Branch of the China Mining Association (中國礦業聯合會), and the president of the Guangxi Manganese Industry Association (廣西錳業協會). As a senior technical expert in the national metallurgical mining industry and a manganese industry expert, Mr. Zhan has been awarded the special prize and first prize of the China Mining Association's Science and Technology Progress Awards at the provincial and ministerial levels, and has received multiple first and second prizes of the Guangxi Science and Technology Progress Awards. Mr. Zhan has a profound understanding and unique insights on the development and issues of the manganese industry. He has been actively promoting the transformation of the manganese industry's development model, the upgrading of manganese products, the extension of the manganese industry chain and the increase in value adding of manganese resources.

Mr. Zhan obtained legal advice on 21 October 2025 and confirmed his understanding on his obligations as a Director of the Company.

**Mr. Ming Xianquan (明憲權)**, aged 58, joined the Group in 2012 and is an Executive Director of the Company. He is also a director and the general manager of South Manganese Group. He obtained a bachelor's degree in metallurgical physical chemistry from Northeastern University in July 1990, the title of Senior Engineer in September 2000 and a master's degree in global management from Tulane University in May 2025. Mr. Ming has over 32 years of professional and technical experience in the fields of metallurgical engineering, chemical engineering, and materials engineering. Since 2012, he has participated in over 20 research and development projects, including those under the National Science and Technology Support Project Program (國家科技支撐項目計劃課題) and the Guangxi Autonomous Region Innovation-Driven Development Special Project (廣西自治區創新驅動發展專項), promoting the development of a series of new technologies, processes and new products for the production of manganese products. As a result of his outstanding contributions, Mr. Ming has received a number of honors and awards, including the first prize of the Guangxi Science and Technology Award for Scientific and Technological Progress in 2020, the special government allowance of the State Council in 2018 and a number of first prizes of scientific and technological awards at provincial and ministerial levels and industry-levels, fully demonstrating his outstanding influence in scientific and technological innovation and engineering practice.

Mr. Ming obtained legal advice on 21 October 2025 and confirmed his understanding on his obligations as a Director of the Company.

**Mr. Wan Weihua (萬維華)**, aged 53, joined the Group in 2018 and is an Executive Director of the Company. He is also the deputy general manager of South Manganese Group, and a director and the general manager of Huiyuan Manganese. He obtained a degree in nonferrous metallurgy from Southern Metallurgical Institute (南方冶金學院) in June 1995. From August 2009 to September 2018, Mr. Wan worked at Guangxi Nonferrous Metals Group Huiyuan Manganese Co., Ltd. (廣西有色金屬集團匯元錳業有限公司), being the predecessor of Huiyuan Manganese, with his last positions as party secretary, executive director and general manager. Mr. Wan has over 30 years of experience in production, sales and corporate management in the nonferrous metals and manganese industries.

Mr. Wan obtained legal advice on 21 October 2025 and confirmed his understanding on his obligations as a Director of the Company.

## Directors and Senior Management Profiles

### Non-Executive Director

**Mr. Huang Chuangxin (黃創新)**, aged 51, joined in 2024 and is a Non-executive Director of the Company. He is also a member of Audit Committee. He graduated from Central University of Finance and Economics with a bachelor degree in economics. From July 1996 to May 2001, Mr. Huang served various positions mainly responsible for project management, financial management and joint venture management at China Guangxi Corporation For International Techno-Economic Cooperation. From May 2001 to March 2010, Mr. Huang was the director and chief financial officer of Nandan County Yuanyangqiao Hydropower Development Co., Ltd. (a subsidiary of Guangxi Guohong Economic Development Group Co., Ltd. at that time). He then served as the deputy manager of the investment department of Guangxi Guohong Economic Development Group Co., Ltd. from April 2010 to January 2012. From April 2012 to August 2020, Mr. Huang served Guangxi Liuzhou Beigang Xijiang Port Co., Ltd. (formerly known as Guangxi Luzhai Tongzhou Logistics Co., Ltd.) with his last position as chairman. From May 2019 to November 2023, Mr. Huang was also the chairman and legal representative of Guangxi Liuzhou Hongyong Investment Co., Ltd. In January 2024, Mr. Huang joined Guangxi Dameng (an indirect substantial shareholder of the Company) as the head of operations management department and has later become the head of international business department since May 2024. Mr. Huang holds the qualifications of engineer and assistant economist.

### Independent non-executive Directors

**Mr. Yuan Mingliang (袁明亮)**, aged 58, joined in 2021 as an Independent Non-executive Director of the Company. He is the Chairman of Remuneration Committee and a member of Nomination Committee and Auditor Committee. He has been a professor of materials science and doctoral supervisor of Central South University since 2003. From 2004 to 2005, Mr. Yuan also worked as a senior visiting scholar at the University of Alberta in Canada for collaborative scientific research. From 2012 to 2017, he has served as a technical consultant successively for Nuokai Chemical Trading (Shanghai) Co., Ltd. (諾凱化工貿易(上海)有限公司), Guangxi Yuanchen New Energy Materials Co., Ltd. (廣西遠辰新能源材料有限責任公司) and Lingshan Jiaofeng Chemical Co., Ltd. (靈山縣驕豐化工有限公司). He was also responsible for the new product development, technology service and technology management as a project leader in partnership with many large domestic manganese processing enterprises such as Chenzhou Jinyitai Manganese Industry Co., Ltd. (郴州金怡泰錳業有限公司), Anhui Xinmengdu Technology Co., Ltd. (安徽新錳都科技有限公司).

**Mr. Lo Sze Hung (盧思鴻)**, aged 41, joined in 2022 as an Independent Non-executive Director of the Company. He obtained a degree of Bachelor of Business Administration (Professional Accountancy) from The Chinese University of Hong Kong in 2006. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2010. Mr. Lo worked for PricewaterhouseCoopers Hong Kong, from September 2006 to June 2015, with his last position as senior manager. He also worked at Hutchison Port Holdings Group from June 2015 to July 2017, as the group finance manager, and at Sino Vision Worldwide Holdings Limited (former stock code: 8086.HK), from July 2017 to February 2019, with his last position as the group chief financial officer and company secretary. Mr. Lo was the assistant general manager of the finance department of HKIA Services Holdings Limited (a subsidiary under Airport Authority Hong Kong) from February 2019 to February 2021. Mr. Lo joined Pine Care Group Limited (former stock code: 1989.HK) on 22 February 2021 as the chief financial officer and was appointed as company secretary on 13 April 2021.

## Directors and Senior Management Profiles

**Mr. Zhou Jie (周杰)**, aged 44, joined in 2024 as an Independent Non-executive Director of the Company. He obtained a bachelor degree of marketing from Anhui University of Technology in 2004. Mr. Zhou has extensive experience in marketing, advertising and project management. From August 2006 to August 2010, Mr. Zhou engaged in marketing and promotion works at Shanghai Zhongshi International Advertisement Co., Ltd.. He then worked at CCTV Sports & Entertainment Co., Ltd. as a project manager from August 2010 to January 2012. From August 2012 to August 2016, Mr. Zhou was the marketing director of Beijing Huodongbang Technology Co., Ltd. In 2018, Mr. Zhou joined Alibaba Group and worked as a senior expert of its Digital Media and Entertainment Group from September 2018 to June 2020. After that, he served as a senior expert at the marketing department of the Local Services Group of Alibaba Group from June 2020 to October 2022. Since October 2023, Mr. Zhou has been the general manager of Beijing Zhongyihui Brand Management Co., Ltd.

**Mr. Luo Guihua (羅貴華)**, aged 60, joined in 2024 as an Independent Non-executive Director of the Company. He obtained the master degree in engineering from East China University of Science and Technology in 1990 and his degree in master of business administration through completing the Executive MBA programme of China Europe International Business School in 2008. He also holds the qualification as a senior engineer. From 1985 to 1993, Mr. Luo served as an associate professor at East China University of Science and Technology. From 1993 to 1998, he worked as the deputy general manager of Shanghai Huaming High-Tech (Group) Co., Ltd. Since 1998, Mr. Luo has been as the general manager and director of Shanghai Metinform System Co., Ltd. He currently serves as the vice president of the Science and Technology Application Branch of the China Association of Port-of-Entry, the vice president of the Shanghai International Trade Society and the vice president of the Shanghai Free Trade Zone Association. He is also a part-time professor at various universities such as Shanghai Jiaotong University, Shanghai University of International Business and Economics, Shanghai Maritime University and the Chinese University of Hong Kong. With more than 26 years of practical experience, Mr. Luo is familiar with the application of information technology in international trade and logistics, as well as corporate strategy, product and technology innovation and organizational capacity building. Mr. Luo served as an independent director of Shanghai Yanhua Smartech Group Co., Ltd. (stock code: 002178.SZ), a company listed on the Shenzhen Stock Exchange, from December 2012 to February 2018. He also served as an independent director of Jiangsu Feili International Logistics Inc. (stock code: 300240.SZ), a company listed on the Shenzhen Stock Exchange, from May 2014 to September 2015.

**Mr. Wu Qi (吳琦)**, aged 54, joined in 2024 as an Independent Non-executive Director of the Company. He graduated from Guangxi University of Science and Technology with a bachelor degree in law in 2007. Mr. Wu served as the general manager of Yizhou Hongrun Trading Co., Ltd. from 2011 to 2012. He then worked as the general manager of Nanning Runmin Advertising Co., Ltd. from 2012 to 2014. Since 2015, Mr. Wu has been a practicing lawyer at Guangxi Pengcheng Law Firm. He has also served as a legal advisor to government agencies and institutions such as the Guangxi Autonomous Region Overseas Chinese Federation since 2019. Mr. Wu's area of legal practice focuses on civil and commercial legal affairs. He has extensive experience in handling complex commercial disputes, especially in contract disputes, corporate legal affairs and intellectual property protection. Mr. Wu was elected as a member of Yizhou Municipal People's Political Consultative Conference in 2012.

### Senior Management

**Mr. Leung Chit Yu (梁捷瑜)**, aged 41, joined the Company in 2021. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and has the Financial Risk Manager certification offered by Global Association of Risk Professionals.

# Corporate Governance Report



# Corporate Governance Report

The Company has always adhered to the core values of “relying on manganese as resources, people as base, to create wealth and life”. We acquire high-quality manganese ore resources through exploration and acquisitions, accelerate technological improvement and product research and development, improve energy saving and environmental protection, strengthen management and scientific research team building, expand supply chain services, increase production capability and international manganese ore trade, in order to practice our strategy of “being a world-class manganese corporation with top-level development, modern technology and integrated whole industry chain”, building South Manganese brand name, promoting manganese industry upgrade, and becoming the leader group in the industry.

The Company is committed to maintaining a good and sensible framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. We respect and are committed to comply with the laws, rules and regulations of each country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

## Compliance with the Code on Corporate Governance Practices

The Board is of the view that the Company has, for the year ended 31 December 2025, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix C1 to the Listing Rules.

## Chairman and Chief Executive Officer

The CG Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

From 1 January to 10 October 2025, Mr. Zhang Yi served as the Chairman of the Board. After his resignation, Mr. Zhang He was appointed as the Chairman of the Board from 10 October 2025, who provides leadership and is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures.

From 1 January to 13 October 2025, Mr. Pan Shenghai served as the Chief Executive Officer of the Company subject to the Hong Kong Immigration Department issuing working visa permission to him. During the working visa application period, the day-to-day management of the Group’s business and the implementation of the Board’s policies are managed by a group of vice presidents who are also the Executive Directors of the Company. Effective from 13 October 2025, Mr. Zhan Haiqing was appointed as the Chief Executive Officer of the Company.

## Board of Directors

As at 31 December 2025, the Board comprises a total of fifteen members, with nine executive Directors, one non-executive Director and five independent non-executive Directors:

### Executive Directors:

Mr. Zhang He (Chairman)  
Mr. Xu Xiang  
Mr. Liu Yang  
Mr. Pan Shenghai  
Ms. Cui Ling  
Mr. An Wei  
Mr. Zhan Haiqing (Chief Executive Officer)  
Mr. Ming Xianquan  
Mr. Wan Weihua

### Non-executive Director:

Mr. Huang Chuangxin

### Independent non-executive Directors:

Mr. Yuan Mingliang  
Mr. Lo Sze Hung  
Mr. Zhou Jie  
Mr. Luo Guihua  
Mr. Wu Qi

The list of directors of the Company and their respective roles and functions are posted on the websites of the Company and the Stock Exchange.

The Board has a balanced composition of executive, non-executive and independent non-executive Directors so that it can effectively exercise independent judgement.

The Board possesses a balance of skills and experience appropriate for requirements of the business of the Company. All Directors take decisions objectively in the interests of the Company. The Directors, individually and collectively, are aware of their responsibilities and accountability to shareholders and for the manner in which the affairs of the Company are managed and operated.

The Group has management expertise in manganese exploration, mining and development as well as ore processing and downstream manganese processing operations. The Board has the required knowledge, experience and capabilities to operate and develop the Group's businesses and implement its business strategies.

The biographies of the Directors and senior management are set out on pages 46 to 50 of this annual report.

The Board determines which functions are reserved to the Board and which are delegated to the management. It delegates appropriate aspects of its management and administrative functions to management. It also gives clear directions as to the powers of management; in particular, with respect to the circumstances where management must report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. These arrangements are reviewed on a periodic basis to ensure they remain appropriate to the needs of the Company.

Important matters are reserved to the Board for its decision, including long-term objectives and strategies, extension of the Group's activities into new business areas, appointments to the Board and the board committees, annual internal controls assessment, annual budgets, material acquisitions and disposals, material connected transactions, announcements of interim and final results and dividend proposal, etc.

### Appointment, Retirement and Re-election of Directors

All Directors are subject to re-election at regular intervals. The Bye-Laws provides that at each annual general meeting, one-third of the Directors shall retire from office by rotation and every Director is subject to retirement at least once every three years. In addition, any Director appointed by the Board to fill a causal vacancy shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election.

### Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises that diversity at both the Board and workforce (including senior management) level will support the attainment of the Company's strategic objectives and sustainable development. Further details of our workforce diversity is disclosed in our Human Resources Report.

It also sets out the Board's consideration to gender diversity and other diversity aspects, with the ultimate goal of achieving gender parity on the Board and workforce level (subject to nature of the job position). The Company currently has one female Director, and the Board will take opportunities and consider to increase the proportion of female members over time as and when suitable candidates are identified.

## Corporate Governance Report

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors. The Nomination Committee is responsible for reviewing the composition of the Board with reference to these factors and by taking into consideration the Company's business model and specific needs from time to time.

The Nomination Committee is also responsible for reviewing the board diversity policy, measurable objectives and progress achieved thereof to ensure the policy's continued effectiveness from time to time.

### Non-executive Director and Independent Non-executive Directors

The non-executive Director and the independent non-executive Directors are seasoned individuals from diversified backgrounds and industries and one of the independent non-executive Directors has an appropriate accounting qualification and related financial management expertise as required by the Listing Rules.

With their expertise and experience, they serve the relevant function of bringing independent judgement and advice on the overall management of the Company. They take the lead where potential conflicts of interests arise. Their responsibilities include maintaining a balance between the interests of minority shareholders and the Company as a whole. All independent non-executive Directors are invited to participate in board meetings so that they are able to provide at such meetings their experience and judgement on matters discussed in the meetings.

Our non-executive Director, Mr. Huang Chuangxin has entered into service agreement with the Company for a fixed term of three years commencing from 10 September 2024.

Our independent non-executive Directors, Mr. Yuan Mingliang and Mr. Lo Sze Hung have entered into service agreement with the Company respectively for a fixed term of three years commencing from 31 March 2025 and 28 October 2024 respectively.

Our independent non-executive Directors, Mr. Zhou Jie, Mr. Luo Guihua and Mr. Wu Qi have entered into service agreement with the Company for a fixed term of three years all commencing from 10 September 2024.

All independent non-executive Directors serve on the Nomination Committee, Remuneration Committee and Audit Committee. They are invited to participate in board meetings so that they are able to provide at such meetings their experience and judgement on matters discussed in the meetings.

### Independence of Independent Non-executive Directors

In determining the independence of the independent non-executive Directors, the Company makes reference to the criteria of independence as set out in Rule 3.13 of the Listing Rules. Assessments of the independent non-executive Directors' independence are carried out upon their appointment, annually and at any other time as appropriate. The Nomination Committee conducts annual review of the independence of independent non-executive Directors before confirming their independence status to the Board. The relevant independent non-executive Directors will abstain from participating in the assessments of their own independence.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence as set out in rule 3.13 of the Listing Rules and considers them to be independent.

### Directors' Commitments

The Board regularly reviews the contributions required from Directors to perform their responsibilities to the Company, and whether they are spending sufficient time and attention in performing their responsibilities. It also considers whether Directors, who have multiple board representations, are able to and have been devoting sufficient time to discharge their responsibilities as Directors of the Company adequately.

The Company has received confirmation from each Director that he/she has spent sufficient time and attention to the affairs of the Company during the year.

All Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations. Directors are reminded to notify the Company Secretary in a timely manner any change of such information.

### Responsibilities of Directors

Directors, both collectively and individually, are required to fulfill fiduciary duties and duties of skill, care and diligence to a standard commensurate with the standard established by the laws of Hong Kong. Every Director is required to know his/her responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Independent non-executive Directors and non-executive Directors shall make positive contributions to the development of the Company's strategy and policies through independent, constructive and informed comments.

The Company provides Directors with a directors' and officers' liability insurance coverage to protect them from loss as a result of any legal proceedings against themselves.

### Directors' Interests

To the best of the knowledge of the Company, there is no financial, business, family or other material or relevant relationship among members of the Board or between the Chairman and the Chief Executive Officer.

### Model Code for Securities Transactions by Directors

The Company has adopted the rules of no less stringent than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules (the "Securities Dealings Code") as its code of conduct for dealings in securities of the Company by the Directors.

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the year.

### Handling and Dissemination of Inside Information

The Company has in place a policy on handling and dissemination of inside information ("Policy"), which has taken into account the requirements of Part XIVA (Disclosure of Inside Information) of the Securities and Futures Ordinance and the Listing Rules in relation to the continuing disclosure obligation of inside information. The Policy sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to price the listed securities of the Company with the latest available information.

This Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publication of the relevant information on the websites of the Company and the Stock Exchange, according to the requirements of the Listing Rules.

## Corporate Governance Report

### Supply of and Access to Information

All Directors are provided in a timely manner with appropriate information that enables them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. To ensure that the Board is well supported by accurate, complete and timely information, Directors have unrestricted access to Board papers, minutes and related materials.

Management is aware that it has an obligation to supply the Board and board committees with adequate information in a timely manner to enable them to make informed decisions. The information supplied must be complete and reliable.

The Board and each Director have separate and independent access to the Company's senior management. In respect of regular Board meetings and board committee meetings and so far as practicable in all other cases, an agenda and accompanying meeting papers are sent in full to the Directors or respective committee members in a timely manner and at least 3 days before the intended date of meeting.

### Continuous Professional Development

All Directors, including non-executive Directors and Independent non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group.

All Directors participate in continuous professional development to develop and refresh their knowledge and skills. The Company from time to time keep the Directors updated on areas, including directors' duties and responsibilities, corporate governance and changes in regulatory requirements, to enable them to properly discharge their duties. The Company is responsible for arranging and funding suitable training for Directors. Each of the Directors provides a record of the training he received to the Company on an annual basis.

A summary of trainings attended by the Directors during the year is set out below:

<b>DIRECTORS</b>	<b>TYPES OF CONTINUOUS PROFESSIONAL DEVELOPMENT (NOTES)</b>
<b>Executive Directors</b>	
Mr. Zhang He (appointed as Chairman on 10 October 2025)	(1), (2)
Mr. Xu Xiang	(1), (2)
Mr. Liu Yang	(1), (2)
Mr. Pan Shenghai	(1), (2)
Ms. Cui Ling	(1), (2)
Mr. An Wei (appointed on 10 October 2025)	(1), (2)
Mr. Zhan Haiqing (appointed as Executive Director and Chief Executive Officer on 13 October 2025)	(1), (2)
Mr. Ming Xianquan (appointed on 13 October 2025)	(1), (2)
Mr. Wan Weihua (appointed on 13 October 2025)	(1), (2)
Mr. Zhang Yi (resigned on 10 October 2025)	(1), (2)
<b>Non-executive Director</b>	
Mr. Huang Chuangxin	(1), (2)
<b>Independent Non-executive Directors</b>	
Mr. Yuan Mingliang	(1), (2)
Mr. Lo Sze Hung	(1), (2)
Mr. Zhou Jie	(1), (2)
Mr. Luo Guihua	(1), (2)
Mr. Wu Qi	(1), (2)
Mr. Zhang Yupeng (resigned on 20 May 2025)	(1), (2)

Notes:

- (1) Attending seminars and/or conferences and/or forums and/or in-house trainings
- (2) Reading materials in relation to the roles, functions and duties of a listed company Director and the latest developments in the relevant rules and regulations

**2025 Directors' Attendance Records at Board Meetings, Committee Meetings, 2025 AGM and 2025 SGM**

Attendance records of the Directors at Board meetings, Nomination Committee meetings, Remuneration Committee meetings, Audit Committee meetings, chairman's meeting with independent and other non-executive directors held in 2025 and 2025 AGM and 2025 SGM are as follows:

	Number of meetings held during the year							2025 AGM	2025 SGM
	Chairman's meeting with independent non-executive Directors		Independent non-executive Directors' meeting	Nomination Committee	Remuneration Committee	Audit Committee	Attended / Eligible to attend		
	Board meeting	executive Directors	Directors' meeting	Committee	Committee	Committee			
<b>Executive Directors</b>									
Mr. Zhang He (appointed as Chairman on 10 October 2025)	16/16	N/A	N/A	5/5	4/4	N/A	1/1	2/2	
Mr. Xu Xiang	16/16	N/A	N/A	1/1	1/1	N/A	1/1	2/2	
Mr. Liu Yang	14/16	N/A	N/A	N/A	N/A	N/A	1/1	2/2	
Mr. Pan Shenghai	15/16	N/A	N/A	5/5	4/4	N/A	1/1	2/2	
Ms. Cui Ling	13/16	N/A	N/A	N/A	N/A	N/A	1/1	2/2	
Mr. An Wei (appointed on 10 October 2025)	2/2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mr. Zhan Haiqing (appointed as Executive Director and Chief Executive Officer on 13 October 2025)	1/1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mr. Ming Xianquan (appointed on 13 October 2025)	1/1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mr. Wan Weihua (appointed on 13 October 2025)	1/1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mr. Zhang Yi (resigned on 10 October 2025)	14/14	1/1	N/A	4/4	3/3	N/A	1/1	2/2	
<b>Non-executive Director</b>									
Mr. Huang Chuangxin	14/16	N/A	N/A	N/A	N/A	3/4	1/1	2/2	
<b>Independent non-executive Directors</b>									
Mr. Yuan Mingliang	16/16	1/1	1/1	5/5	4/4	4/4	1/1	2/2	
Mr. Lo Sze Hung	14/16	1/1	1/1	5/5	4/4	4/4	1/1	2/2	
Mr. Zhou Jie	14/16	1/1	1/1	5/5	4/4	4/4	1/1	2/2	
Mr. Luo Guihua	13/16	1/1	1/1	5/5	4/4	4/4	1/1	2/2	
Mr. Wu Qi	16/16	1/1	1/1	5/5	4/4	4/4	1/1	2/2	
Mr. Zhang Yupeng (resigned on 20 May 2025)	7/8	1/1	1/1	2/2	1/2	1/1	N/A	0/1	
Average attendance rate	92%	100%	100%	100%	97%	96%	100%	96%	

## Corporate Governance Report

### Board Meetings

Under code provision C.5.1 of the CG Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. The Board has scheduled to meet at least four times a year in approximately quarterly intervals, either in person or by electronic means of communication.

A total of sixteen board meetings were held in 2025 to discuss and review, inter alia, the following matters:

- 1) the business development, acquisition and strategies of the Group;
- 2) the financing matters and capital structure of the Group;
- 3) the Group's financial and operational performance;
- 4) the annual and interim results of the Group;
- 5) the Group's debt reduction proposal;
- 6) the connected transactions;
- 7) the dividend proposals;
- 8) the auditor's fees;
- 9) the Group's internal control matters;
- 10) the Group's corporate governance matters including change of directors.

In addition to board meetings, the chairman also holds regular meetings with executive Directors and at least one meeting with independent non-executive Directors annually without the presence of other Directors. The independent non-executive Directors freely provide their independent opinion to the Board.

All Directors are invited to include matters in the agenda for regular board and committee meetings. The Company gives not less than fourteen days prior written notice of a regular board meeting and reasonable prior notice for all other board meetings.

If any Director or his associates have any material interest in any proposed Board resolutions, such Director shall not vote (nor be counted in the quorum) at a meeting of the Directors on any resolutions approving any contract or arrangement or concerning a matter in which he or any of his associates has directly or indirectly a material interest.

All Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-executive Directors and ensure constructive relations between Executive and non-executive Directors. During the year, the Chairman met with the Independent non-executive Directors and non-executive Directors.

Minutes of the meetings of the Board and board committees record in sufficient detail the matters considered by the Board and the board committees, the decisions reached, including any concerns raised by Directors or dissenting views expressed. Minutes of the meetings of the Board, the Nomination Committee, the Remuneration Committee and the Audit Committee are sent to all Directors or respective board committee members for their comment and record within a reasonable period after the meetings are held. Minutes of the meetings of the Board, the Nomination Committee, the Remuneration Committee and the Audit Committee are kept by the Company Secretary.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed. The Directors also have separate and independent access to the senior management of the Company to make further enquiries or to obtain more information where necessary. The Company provides an agreed procedure enabling the Directors to seek independent professional advice at the Company's expense.

### Delegation by the Board

#### 1. Board Committees

The Board has delegated authority to Nomination Committee, Remuneration Committee and Audit Committee with specific roles and responsibilities. Their terms of reference and composition are posted on the websites of the Company and the Stock Exchange and reviewed and updated regularly to ensure that they remain appropriate and reflect changes in good practice and governance.

##### A. Nomination Committee

The Nomination Committee is responsible to the Board for leading the process for Board appointments, its succession planning and for identifying and nominating for the approval of the Board candidates for appointment to the Board and appointment of senior management.

The Nomination Committee is also responsible for reviewing the structure, size and composition (including age, gender, skills, knowledge and experience) of the Board at least annually and making recommendations to the Board regarding any proposed changes, identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. The Nomination Committee is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and plans for succession of Directors.

The Nomination Committee has adopted a board diversity policy which is posted on the website of the Company. The Board has conducted annual review on the policy and considered it sufficient and effective.

The Nomination Committee discusses and agrees annually the relevant measurable objectives that the Board has set for implementing the policy and makes recommendation to the Board for approval. It also monitors the implementation of the policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the policy.

The criteria for the Nomination Committee to select and recommend a candidate for directorship include the candidate's age, gender, skill, knowledge, experience, integrity and potential contributions to the Board and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company.

The Nomination Committee is provided with sufficient resources, including the advice of professional firms, if necessary, to discharge its duties.

At the date of this annual report, the members of the Nomination Committee are as follows:

Mr. Wu Qi  
(Independent non-executive Director)  
(Committee Chairman)

Mr. Yuan Mingliang  
(Independent non-executive Director)

Mr. Lo Sze Hung  
(Independent non-executive Director)

Mr. Zhou Jie  
(Independent non-executive Director)

Mr. Luo Guihua  
(Independent non-executive Director)

Mr. Zhang He (Executive Director)

Mr. Xu Xiang (Executive Director)

Mr. Pan Shenghai (Executive Director)

## Corporate Governance Report

The number of meetings held by the Nomination Committee and the attendance of individual members at such meetings in 2025 is recorded on page 57.

In the meetings, the Nomination Committee considered and approved, inter alia, the followings:

1. the review of the structure, number, composition of the Board;
2. the review of the independence of our independent non-executive Directors; and
3. the rotation of the directors at the 2025 AGM.

### B. Remuneration Committee

The purpose of the Remuneration Committee is to make recommendations to the Board on the remuneration policy and structure for all Directors and senior management remuneration.

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool.

Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance, contribution to the Group and by reference to the Group's profits and performance.

The Remuneration Committee is provided with sufficient resources, including the advice of professional firms, if necessary, to discharge its duties.

At the date of this annual report, the members of the Remuneration Committee are as follows:

Mr. Yuan Mingliang  
(Independent non-executive Director)  
(Committee Chairman)

Mr. Lo Sze Hung  
(Independent non-executive Director)

Mr. Zhou Jie  
(Independent non-executive Director)

Mr. Luo Guihua  
(Independent non-executive Director)

Mr. Wu Qi (Independent non-executive Director)

Mr. Zhang He (Executive Director)

Mr. Xu Xiang (Executive Director)

Mr. Pan Shenghai (Executive Director)

The number of meetings held by the Remuneration Committee and the attendance of individual members at such meetings in 2025 was recorded on page 57.

In the meetings, the Remuneration Committee reviewed and approved, inter alia, the remuneration package of directors and senior management for the year.

No director was involved in deciding his own remuneration.

Details of emoluments of directors and the five highest paid individuals are set out in notes 9 and 10 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2025 is set out below.

<b>Total Remuneration Bands</b>	<b>Number of Executives</b>
HK\$2,000,000 – HK\$2,500,000	1

### C. Audit Committee

The purpose of the Audit Committee is to establish formal and transparent arrangements for considering how the Board applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's external auditor.

The Audit Committee is also responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and considering any questions of resignation or dismissal of such auditor.

The Audit Committee reports to the Board any suspected fraud and irregularities, failure of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board. It is authorised by the Board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee is provided with sufficient resources, including the advice of professional firms, if necessary, to discharge its duties.

At the date of this annual report, the members of the Audit Committee are as follows:

- Mr. Lo Sze Hung  
(Independent non-executive Director)  
(Committee Chairman)
- Mr. Yuan Mingliang  
(Independent non-executive Director)
- Mr. Zhou Jie  
(Independent non-executive Director)
- Mr. Luo Guihua  
(Independent non-executive Director)
- Mr. Wu Qi  
(Independent non-executive Director)
- Mr. Huang Chuangxin  
(non-executive Director)

## Corporate Governance Report

Mr. Lo Sze Hung possess appropriate professional qualifications and experience in financial matters. None of the committee members is or was a partner of the external auditor.

The Audit Committee meets as and when required to discharge its responsibilities, and at least twice in each financial year. The number of meetings held by the Audit Committee and the attendance of individual members at Audit Committee meetings in 2025 is recorded on page 57.

In the meetings, the Audit Committee together with the senior management considered and reviewed, inter alia, the following matters:

1. the consolidated financial statements for the year ended 31 December 2024 and the six months ended 30 June 2025;
2. the Group's financial control, internal control and risk management systems;
3. the accounting principles and practices adopted by the Company, statutory compliance and other financial reporting matters;

4. the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit and financial reporting functions.

The Audit Committee reports to the Board of their findings and conclusions from the meeting referred to in the preceding paragraph.

In addition to the internal meetings, the Audit Committee members meet with the auditor at least twice a year and in addition, at least annually, to discuss matters relating to audit fees, any issues arising from the audit and any other matters they and the auditor may raise.

## 2. Management Functions

While the Board is responsible for formulating overall strategy to guide and monitor the performance of the Group, the management of day-to-day operation of the Group has been delegated to the management.

Important matters are reserved to the Board for its decision, which include long-term objectives and strategies, extension of the Group's activities into new business areas, appointments to the Board and the board committees, annual internal controls assessment, annual budgets, material acquisitions and disposals, material connected transactions, announcements of interim and final results and dividend proposal.

### Corporate Governance Functions

The Board has the following responsibilities:

- (a) to develop and review the Company's policies and practices on corporate governance; and to review the compliance with the CG Code and disclosures in the corporate governance report;
- (b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (c) to review and monitor the training and continuous professional development of the directors and senior management; and
- (d) to develop, review and monitor the code of conduct applicable to the directors and employees.

### Constitutional Documents

During the year, there was no change to the Company's Memorandum of Association and Bye-laws. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company and the Stock Exchange.

### Shareholders' Rights

#### Procedures for shareholders to convene a special general meeting

Shareholders, holding at the date of the requisition not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the company secretary, to require a general meeting (the "SGM") to be called by the Board for the transaction of any business specified in such requisition.

The requisitionists must state the purpose of the meeting and contact details in the requisition, sign and deposit the requisition at the principal place of business of the Company for the attention of the company secretary.

The SGM shall be held within two months from the deposit of the requisition. If the Board fails to proceed to convene the SGM within 21 days of such deposit, the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may convene the SGM by themselves in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended), but any SGM so convened shall not be held after the expiration of three months from the deposit of the requisition.

#### Procedures for putting forward proposals at general meetings

Shareholders holding not less than 5% of the total voting rights of all shareholders having a right to vote at the general meeting or not less than 100 shareholders can submit a written request stating a resolution to be moved at the annual general meeting or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The requisitionists must sign and deposit the written request or statement at the registered office of the Company and the principal place of business of the Company for the attention of the company secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will ask the Board to include the resolution in the agenda for the annual general meeting or, as the case may be, to circulate the statement for the general meeting, provided that the requisitionists have deposited a sum of money reasonably determined by the Board sufficient to meet the expenses in serving the notice of the resolution and/or circulating the statement submitted by the requisitionists in accordance with the statutory requirements to all the registered shareholders.

#### Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company for the attention of company secretary or e-mail to "ir@southmn.com".

## Corporate Governance Report

### Financial Reporting

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.

Management shall provide sufficient explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. It provides the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects to assist the Board as a whole and each Director to discharge their duties.

The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

A statement by the auditor about their reporting responsibilities is included in the Independent Auditor's Report on pages 89 to 96.

### Risk Management and Internal Controls

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining a sound and effective system of risk management and internal control and for reviewing its effectiveness, particularly in respect of the controls on financial, operational, compliance and risk management, to safeguard shareholders' investment and the Group's assets.

The risk management and internal control systems aim to manage, instead of eliminate, risks of failure in achieving the Company's objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The managers of the internal audit department, with the support and assistance from other divisions and departments, directly report to the Audit Committee in respect of risk management and internal control matters of the Group. For daily administration purpose, the internal audit managers report to the Chief Executive Officer and Chief Financial Officer. The Audit Committee, in turn, communicates any material issues to the Board.

The Board assesses and approves our overall risk appetite, monitors our risk exposure and sets the Group-wide limits, which are reviewed on an ongoing basis. Our current assessment of our risks is based on numerous different factors, which is primarily assessed according to exposure and impact.

To the extent that any of these risks are realised, they may affect, among other matters: our current and future business and prospects, financial position, liquidity, asset values, growth potential, sustainable development (whether as to adverse health, safety, environmental, community effects or otherwise) and reputation. Through our continuous optimisation of corporate governance and proactive management, we are endeavoured to mitigate, where possible, the impacts of the risks should they materialise.

The key procedures and processes that the Board established to oversee the Company's risk management and internal control systems on an ongoing basis and to provide effective risk management and internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities.
- A comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose.
- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

- Systems and procedures are also in place to identify, measure, manage, control and report risks including credit, market, operational, liquidity, interest rate, strategic, legal and reputation risks.
- An internal audit department that, amongst others, carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The internal audit managers report to the Audit Committee of any findings revealed in the course of their daily work including material internal control defects, if any.
- The audit reports (including management letter) submitted by external auditor to the Group's management in connection with annual audit.
- A policy on handling and dissemination of inside information is in place, setting out the guiding principles, procedures and internal controls for the handling and dissemination of inside information in a timely manner.
- A whistle-blowing policy is in place, which encourages employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. The Company treats all information received in confidence and protects the identity and the interests of all whistle-blowers.

During the year, the Board conducted a review of the adequacy and effectiveness of the risk management and internal control systems of the Group by reviewing the work of the internal audit department, the Group's external auditor, and regular reports from management including those on risk management, regulatory compliance and legal matters.

The Board considered the risk management and internal control systems of the Group effective and adequate and complied with the code provisions of the CG Code during the year.

### Independent Auditor

The Company's independent auditor is RSM Hong Kong. For the year ended 31 December 2025, the remuneration payable by the Group to independent auditors is set out below:

#### Services provided by the auditor for the 31 December 2025

	HK\$
Payable to Auditor	
Audit services	4,900,000

### Communications with Shareholders

We adhere to the principle of good faith and strictly comply with and implement the Listing Rules to disclose discloseable information on a true, accurate, complete and timely basis and all other information that might have significant impact on the decisions of shareholders and other stakeholders in an active and timely manner. In addition, the Company takes efforts in ensuring all shareholders have equal access to information. As such, the Company has performed its statutory obligation in respect of information disclosure.

To enhance transparency, the Company endeavours to maintain on-going dialogues with shareholders through a wide array of channels such as annual general meetings and other general meetings. Shareholders are encouraged to participate in these meetings.

Separate resolution is proposed for each substantially separate issue at a general meeting by the chairman of that meeting, including the election of director as well as re-election of director. The chairman of the Board, the chairman or member of each of the board committees and external auditor attend and answer questions at the annual general meeting. The members of the independent board committee is available to answer questions at any general meeting to approve connected transaction(s) or any other transaction(s) that is subject to independent shareholders' approval.

## Corporate Governance Report

The Company ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws. The share registrar of the Company is normally appointed as scrutineer of the votes cast by way of a poll. In relation to votes taken by way of a poll, results are subsequently published on the websites of the Company and the Stock Exchange.

The Board has adopted a shareholders communication policy which is posted on the website of the Company. The Board has conducted annual review on the policy and considered it sufficient and effective.

The Company is committed to providing clear and reliable information on the performance of the Group to shareholders through interim and annual reports. The website of the Company offers timely and updated information of the Group.

### 2025 AGM

All Directors together with our auditor RSM Hong Kong and our senior managements attended the 2025 AGM.

The Company has provided detailed information on the Company's 2025 AGM in a circular to shareholders which included, inter-alia, a notice of the AGM and information on the retiring Directors who were eligible for re-election at the 2025 AGM. At the 2025 AGM, the Company continued its practice of proposing separate resolutions on each substantially separate issue. Matters resolved at the 2025 AGM are set out as follows:

#### Matters resolved at the 2025 AGM

1. To receive and consider the audited financial statements and the report of the directors and the independent auditor's report for the year ended 31 December 2024.
- 2.(a) To re-elect Mr. Zhang Yi as an executive director of the Company.
- 2.(b) To re-elect Mr. Zhang He as an executive director of the Company.
- 2.(c) To re-elect Mr. Xu Xiang as an executive director of the Company.
- 2.(d) To re-elect Mr. Liu Yang as an executive director of the Company.
- 2.(e) To re-elect Mr. Pan Shenghai as an executive director of the Company.
- 2.(f) To re-elect Ms. Cui Ling as an executive director of the Company.
- 2.(g) To re-elect Mr. Huang Chuangxin as a non-executive director of the Company.
- 2.(h) To re-elect Mr. Zhang Yupeng as an independent non-executive director of the Company.
- 2.(i) To re-elect Mr. Yuan Mingliang as an independent non-executive director of the Company.
- 2.(j) To re-elect Mr. Lo Sze Hung as an independent non-executive director of the Company.
- 2.(k) To re-elect Mr. Zhou Jie as an independent non-executive director of the Company.
- 2.(l) To re-elect Mr. Luo Guihua as an independent non-executive director of the Company.
- 2.(m) To re-elect Mr. Wu Qi as an independent non-executive director of the Company.
3. To authorise the board of directors to fix the Directors' remuneration.
4. To re-appoint RSM Hong Kong as auditor of the Company and authorise the board of directors to fix the auditor's remuneration.
- 5A. To grant a general mandate to the Directors to issue new shares of the Company.
- 5B. To grant a general mandate to the Directors to repurchase shares of the Company.
- 5C. To increase the general mandate to be given to the Directors to issue new shares of the Company.

All the resolutions proposed at the 2025 AGM were voted by poll, and except for item numbered 2.(h), which was not applicable due to the resignation of Mr. Zhang Yupeng before the 2025 AGM, all were approved by the shareholders of the Company by way of ordinary resolutions. The Company has engaged its share registrar, Computershare Hong Kong Investor Services Limited to act as the scrutineer for the poll voting. The results of the poll voting were posted on the websites of the Stock Exchange and the Company on the respective dates of meetings.

### 2026 AGM

The Company's 2026 AGM is scheduled to be held on 15 May 2026, the notice of which will be sent to shareholders at least 21 clear business days before the meeting. The circular to shareholders for the 2026 AGM is scheduled to be despatched to the shareholders before 30 April 2026. Any changes to these dates will be published on the website of the Company and the Stock Exchange.

### Investor Relations

Our senior management is dedicated to maintaining an open dialogue with the investment community to ensure thorough understanding of our Company and our business as well as strategies.

We have emphasised the importance of investor relations by establishing and developing a highly effective investor relations department (the "Investor Relations Department").

The main function of the Investor Relations Department is to make fair, consistent and transparent disclosures and maintain appropriate communications with global investors.

The Company meets with investment analysts from time to time particularly following the announcement of financial results. Management also participates in investor conferences, one-on-one meetings, forums and conference calls which enable the Company and investors to better understand each other's concerns and expectations.

The Company maintains effective two-way communications with shareholders and potential investors whose feedback is valuable to the Company in enhancing corporate governance, management and competitiveness. Comments and suggestions are welcome and can be sent to the principal place of business of the Company for the attention of the Investor Relations Department or e-mailed to [ir@southmn.com](mailto:ir@southmn.com).

# Human Resources Report



# Human Resources Report

The Group promotes a people-oriented corporate culture, provides competitive compensation and benefits for employees and continuously diversifies training and development opportunities. The Group also endeavors to achieve the growth and development of both employees and enterprises, and strives to establish the sense of responsibility and a sense of accomplishment for all of our employees in their work.

## Our Employees

As of the end of 31 December 2025, we have a total of 5,449 employees including management and normal staffs (2024: 5,681), which is mainly located in the Mainland China, representing 96.73% (2024: 99.33%). We have a total of 1,440 female employees, accounting for 26.43% (2024: 27.8%) of the total number of employees. 26.41% (2024: 28%) of employees are in the age below 40. Most of them are general employees. It is contemplated in the future number of years, our workforce composition will remain relatively the same.

## Employees Remuneration

Compliance with external competitiveness and internal equity principle, the Group regularly reviews its remuneration plan in accordance with the employees' experience, responsibilities and performance, etc to ensure that remuneration is in line with market competitiveness. The Group is committed to providing fair market remuneration in form and value to attract, retain and motivate high quality employees. We offer free dormitory and healthy meals to employees in Gabon.

The Group operates the following retirement schemes for its employees:

- (1) a "five social insurance and one housing fund" retirement pension scheme in accordance with the Retirement Policy of the Chinese Government for PRC employees;
- (2) a defined scheme under the Pension Provisioning Law in Gabon for those employees in Gabon who are eligible to participate; and
- (3) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's contributions as an employer is implemented in accordance with the Retirement Policy of the Chinese Government, the Pension Provisioning Law of Gabon, the Hong Kong MPF Ordinance and the Company's employee handbook.

## Human Resources Report

The employees of the Group in China and Gabon are members of the state-managed retirement benefit schemes operated by the relevant governments. The Group is required to contribute certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. For employees of the Group in Hong Kong which are members of the MPF scheme, the Group contributes 5% of the relevant payroll costs, up to HK\$18,000 per year for each employee to the MPF scheme, which contribution is matched by the employee. The amount charged to consolidated statement of profit or loss for the year ended 31 December 2025 which amounted to HK\$65,876,000 (2024: HK\$77,183,000) represents contributions payable to the plans by the Group at rates specified in the rules of the plans. At 31 December 2025, there were no forfeited contributions which arose upon employees leaving the retirement plans and which are available to reduce the contributions payable in the future years.

### Employee Turnover

The Group attaches great importance to attracting, nurturing and retaining employees and actively promoting the corporate culture of caring for employees, building a harmonious labor relationship and enhancing staff cohesion. We develop a sound employee remuneration policy based on external competitiveness and internal equity principle to ensure the stability and healthy mobility of key employees. At the same time, we also provide a healthy and positive working environment and sound welfare for our employees. We are also committed to maintaining a balance between work and life to retain and motivate qualified employees.

### Development and Training

We adhere to the people-oriented policy and attach great importance to personnel training and development, and also pay close attention to invest and add value to human capital. Based on the nature of our employees positions and based on reality, we encourage and provide diversified training and development channels to protect employees' fair and adequate training opportunities so as to continuously enhance the professional competence and performance of our staff and provide a wide range of development opportunities. We offer good platform to add value to the Group's human capital and to obtain sustainable and healthy development.

# Environmental, Social and Governance Report



# Environmental, Social and Governance Report

We always adhere to the concept of sustainable development including using scientific design and taking advanced, reasonable and effective measures to exploit mine resources scientifically, orderly, and reasonably. As one of the leaders in the industry, we always maintain the harmony between people and nature, demonstrate a new image of a good and responsible mining company. Now we have about 5,400 employees in Hong Kong, Guangxi, Guizhou, China and Gabon, Africa. In addition to continue our long-term goal to provide quality products to our valuable clients in an environmental friendly manner, we are also keen to establish a quality operation system, to protect the safety and health of our employees and also to provide contribution to the surrounding community in which we have businesses.

## Materiality

The Group keeps publishing the Environmental, Social and Governance (ESG) report in its interim report and annual report. This report has been approved by the Board and set out in the Company's annual report. As part of the preparation for compiling this report, we undertake periodic review of the material topics that have affected and continue to affect our business, and our actions to address them. This process focuses our reporting on the sustainability topics which we consider of interest to our key stakeholders, which include national and regional government, community members, our workforce and business partners.

A matter is considered to be material if, in the view of the Board and senior management, it is of such importance that it will, or potentially could, in the short, medium or long term:

- have a significant influence on, or is of particular attention to, our stakeholders; or
- substantively impact our ability to meet our strategic objectives.

Once identified, each material issue is given a priority level based on the level of concern shown by stakeholders, as well as its actual and/or potential impacts on the business. The issues which we identified as being material are in the following four aspects, in no order of priority:

- Safety Production and Labour Protection;
- Energy Savings and Environmental Protection;
- Quality Operation System Establishment, Employment Training and Growth; and
- Social Contribution, Living Environment and Culture Development

The Group attaches great importance to ESG management and incorporates it into the Company's management process. The Board assumes full responsibility for the Group's ESG strategy and reporting and is responsible for assessing and determining the Group's ESG-related risks and ensuring appropriate and effective ESG risk management and proper implementation of the internal monitoring system.

The Group attaches great importance to the communication with stakeholders, by disseminating the Company's ESG concepts and practices through various channels, understanding the concerns of stakeholders and taking action to meet their reasonable expectations and demands.

## Basis of preparation

Unless otherwise stated, the basis for preparation of this report is same as the past years. The data in this report, covers companies, assets and projects in which we have operational control (where we have full authority to implement our operating policies), but does not cover our associated companies.

## Environmental, Social and Governance Report

### Basis of preparation (continued)

A summary of our key performance indicators in the aforesaid four critical areas during the year ended 31 December 2025 is set out in the following table:

Critical Areas	Key performance indicators	2025	2024	2023
Safety Production and Labour Protection	Number of Fatalities (Note 1)	0	0	0
	Number of Injuries	2	1	1
	Number of Lost Days Caused by Injuries (Note 2)	200	40	50
Energy Savings and Environmental Protection	Total Electricity Consumption (MWh) (Note 3)	1,281,226	1,411,353	1,686,202
	(i) Electricity Intensity of EMM (kWh per tonne) (Note 4)	6,304	6,613	6,309
	(ii) Electricity Intensity of EMD (kWh per tonne) (Note 5)	1,929	2,330	1,918
	(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne) (Note 6)	–	4,178	4,045
	Total Water Consumption (Tonnes) (Note 7)	3,658,034	4,971,247	5,546,555
	(i) Water Intensity of EMM (m <sup>3</sup> per tonne) (Note 8)	3.45	2.48	2.90
	(ii) Water Intensity of EMD (m <sup>3</sup> per tonne) (Note 9)	16.90	9.09	9.53
	(iii) Water Intensity of silicomanganese alloy (m <sup>3</sup> per tonne) (Note 10)	–	4.81	3.92
	Exhaust Gas Emission (Tonnes) (Note 11)	–	15	90
	Greenhouse Gas Emission (Tonnes) (Note 12)	–	39,279	174,664
	Waste Slag Volume (Tonnes)	1,702,276	2,059,952	2,163,208
	Non-hazardous Waste Produced (Tonnes) (Note 13)	795,979	1,054,147	886,221
	Total Packaging Material Used for Finished Products Number	606,624	476,679	1,679,693
	Quality Operation System Establishment, Employment Training and Growth	Number of Suppliers	726	1,000
Number of Complaint against our Products		0	3	2
Number of Complaints and/or Legal Cases regarding Corrupt Practices		0	0	0
Number of Employees		5,449	5,681	6,670
Female Ratio (percentage)		26.4	27.8	28.8
Social Contribution, Living Environment and Culture Development	Donation (HKD)	184,000	704,000	2,539,000

## Environmental, Social and Governance Report

### Basis of preparation (continued)

Notes:

1. Fatality is the death of an employee as a result of an occupational illness/injury/disease incident in the course of employment.
2. An occupational illness/injury/disease sustained by an employee causing him/her to miss one scheduled workday/shift or more after the day of the injury.
3. The figures include the total electricity consumption for all the EMM, EMD and silicomanganese alloy processing plants.
4. The figures include the consolidated average electricity usage (kWh) per EMM (tonne) for our EMM production by our EMM plants.
5. The figures include the average electricity usage (kWh) per EMD (tonne) for EMD production by our EMD plants.
6. The figures include the average electricity usage (kWh) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants. During the year, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown.
7. The figures include the total water consumption for the EMM, EMD and silicomanganese alloy processing plants.
8. The figures include the consolidated average water usage (m<sup>3</sup>) per EMM (tonne) for our EMM production by our EMM plants.
9. The figures include the average water usage (m<sup>3</sup>) per EMD (tonne) for our EMD production by our EMD plants.
10. The figures include the average water usage (m<sup>3</sup>) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants. During the year, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown.
11. The figures include the exhaust gas emissions for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. During the year, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.
12. The figures include the greenhouse gas emission for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. During the year, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.
13. The figures include the tailings produced by Daxin Manganese Mine, Tiandeng Manganese Mine, Changgou Manganese Mine and Bembélé Manganese Mine during the year. Since Waifu Manganese Mine was not in mining production, therefore no tailings were produced in Waifu Manganese Mine during the year.

### 1. Safety Production and Labour Protection

Safety production and labour protection are our top priority. We insist on safety production and continue to strengthen the safety awareness of our workers.

During the year, our major measures are as follows:

(1) Strict Implementation of the Establishment and Execution of the Safety Production System:

In China, we continued to strictly implement the “Six Major Safety Systems” in our Daxin Manganese Mine, Tiandeng Manganese Mine and Changgou Manganese Mine.

(2) Strict Implementation of Safety Production Responsibility System:

(i) We continued to strictly implement the safety production responsibility system, requiring each of our production units to endorse and implement the production safety responsibility commitments, which are also part of the appraisals for our employees, so as to ensure our safety system is in place.

(ii) We further put in place and improve systems and plans to lay a solid foundation for safety and environmental protection management

(3) Establishment of Safety Production Standardisation System:

In China, we continued to reinforce our efforts on production safety standardisation for metallurgical and non coal enterprises, including, inter alia, the followings:

(i) Daxin Branch maintained the qualification for second level safety standardization in respect of EMM plants and EMD plants;

(ii) Chongzuo Branch maintained the qualification for second level safety standardization; and

(iii) Qinzhou Ferroalloy Plant maintained the qualification for the second level safety standardization.

(4) Reinforcement of Production Safety Concept to our employees:

In China, we continued to reinforce the production safety concept to our employees, including, inter alia, the following:

(i) We conducted diversified safety publicity, education and training;

(ii) We commenced “Safety Production Month” activities, safety knowledge trainings, safety knowledge competition and first aid rescue etc. series of activities regarding safety production; and

(iii) We investigated the remaining problems, actively implemented rectifications, and strengthened supervision and inspection.

## Environmental, Social and Governance Report

### 1. Safety Production and Labor Protection (continued)

(5) Strict Compliance with Labour Standards:

Our employment policies strictly followed the prevailing laws and regulations regarding the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

We prohibited the employment of child, forced or compulsory labour in any of our operations. During the year, we did not identify any operation or supplier as having significant risk of child labour, young workers exposed to hazardous work, or forced or compulsory labour.

(6) Continuous Investment to the Safety Measures:

We committed to invest in our safety measures for labor protection, including protection accessories, dust prevention and noise removal facilities. During the year, we have conducted a review in respect of our workplaces regarding the existing adverse effect of occupational diseases and occupational diseases testing and enhanced the protection equipments with those dangerous positions so as to protect the health of our employees.

We strongly believe that our carefully designed safety production system, thoroughly implemented and continuous reassessment, can provide sufficient protection to protect the health and safety of our employees.

As a result of our continuous stringent control in respect of the production safety, we continued to keep relatively low fatalities and the number of injuries in respect of our employees continued to remain at a relatively low level.

## Environmental, Social and Governance Report

### 1. Safety Production and Labor Protection (continued)

Set out below is a summary of the fatalities, number of injuries, fatality rate and loss of days caused by injuries during the year:

<b>Number of Fatalities (by Location)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Number of Injuries (by Location)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Hong Kong	0	0	0
Mainland China	2	1	1
Gabon	0	0	0
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>

<b>Fatality Rate (%) (by Location)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Number of Lost Days Caused by Injuries (by Location)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Hong Kong	0	0	0
Mainland China	200	40	50
Gabon	0	0	0
<b>Total</b>	<b>200</b>	<b>40</b>	<b>50</b>

The number of lost days caused by injuries during the year maintained at low level due to our efforts in the enhancement of safety production measures.

We will continue to the training towards our workers and actively implemented and reinforced our production safety measures, in order to protect the safety and health of our employees.

## Environmental, Social and Governance Report

### 1. Safety Production and Labor Protection (continued)

#### Compliance with Safety Production Rules and Regulations and Labour Standards

During the year, we continued to strictly follow all the prevailing laws and regulations regarding safety production and labour standards in Hong Kong, Mainland China and Gabon. To the best of our information and knowledge, there are no material non-compliance with the prevailing laws and regulations regarding safety production and labour standards by the Group during the year.

### 2. Energy Savings and Environmental Protection

#### Strict Supervision of Resource Consumption

Our electricity are provided by the local electricity companies or generated by our electricity generators. Our water are either extracted from the rivers or provided by the water supplies authority of the local regions which we operate. The supply of electricity and water are fit for our operation or production purposes and are provided in a stable and effective manner.

We continued to strictly monitor our resources consumption on an ongoing basis and take effective measures to increase energy efficiency. The electricity consumption and water consumption (including electricity and water intensity) are our top priorities. During the year, we collected the figures for total electricity consumption and water consumption for all the EMM, EMD and silicomanganese alloy processing plants. During the year, there were no relevant figures as our silicomanganese alloy plants were in the state of shutdown. Detail are set out in the following table:

	2025	2024	2023
Electricity Consumption (MWh)	<b>1,281,226</b>	1,411,353	1,686,202
(i) Electricity Intensity of EMM (kWh per tonne)	<b>6,304</b>	6,613	6,309
(ii) Electricity Intensity of EMD (kWh per tonne)	<b>1,929</b>	2,330	1,918
(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne)	–	4,178	4,045
Water Consumption (Tonnes)	<b>3,658,034</b>	4,971,247	5,546,555
(i) Water intensity of EMM (m <sup>3</sup> per tonne)	<b>3.45</b>	2.48	2.90
(ii) Water intensity of EMD (m <sup>3</sup> per tonne)	<b>16.90</b>	9.09	9.53
(iii) Electricity Intensity of silicomanganese alloy (m <sup>3</sup> per tonne)	–	4.81	3.92

## 2. Energy Savings and Environmental Protection (continued)

### Reduction of Waste Production

Waste is a by-product during the process of our production operation. Due to the different operation processes in our mining and downstream production, different types of waste are generated. Throughout the whole production process from our upstream mining up to downstream operations, the biggest volume of hazardous wastes generated are greenhouse gas, waste water, and waste slag while the biggest volume of non-hazardous wastes generated are tailings. Beyond that, the volume of solid and liquid waste we generate is small and the risk of significant environmental spills or leakages is low. We are committed to reducing our various kinds of waste production through technical innovation, so as to reduce their impact on the natural environment.

#### (1) Exhaust Gas and Greenhouse Gas Emissions

The exhaust gas and greenhouse gas emissions are mainly caused during the silicomanganese alloy production by Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. Beyond that, the exhaust gas and greenhouse gas emissions by our other segment of business is relatively not significant and therefore we have not taken into account. We improved the production technology, reduced energy consumption and continuously and regularly detected exhaust gas and greenhouse gas emissions, so as to reduce the total amount of exhaust gas and greenhouse gas emissions and its impact on the natural environment, and meet the environmental impact assessment implementation standards. Details of our exhaust gas and greenhouse gas emissions are set out as follows:

	2025	2024	2023
<b>Exhaust Gas</b>			
Nitrogen oxides (NOx) (Tonnes)	-	10	65
Sulfur oxides (SOx) (Tonnes)	-	5	25
Total Amount (Tonnes)	-	15	90
<b>Greenhouse Gas</b>			
Scope 1 emissions (Tonnes)	-	36,350	161,702
Scope 2 emissions (Tonnes)	-	2,929	12,962
Total Amount (Tonnes)	-	39,279	174,664

During the year, there were no relevant figures as both Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were in the state of shutdown.

#### (2) Waste Water

Water is mainly used for our upstream mining operation and downstream EMM and EMD production. The largest volume of water we withdraw from water bodies is used for grinding of our manganese ores and electrolysis process of our EMM and EMD. However, the majority of the water is discharged back to their sources after appropriate treatment in accordance with local environmental laws and regulations to ensure no adverse environmental impact is introduced. Depending on site-specific conditions, operational situations and age, some of these were introduced in the design stage, and some were initiated after production.

## Environmental, Social and Governance Report

### 2. Energy Savings and Environmental Protection (continued)

#### Reduction of Waste Production (continued)

##### (3) Waste Slag

Waste slags are by products of our various downstream productions. We are committed to reducing our waste slag emissions by strict monitoring and management to ensure such waste slags are processed with proper treatments before disposal. Details of our waste slags are set out as follows:

	2025	2024	2023
Waste Slags Volumes (Tonnes)	1,702,276	2,059,952	2,163,208

##### (4) Non-hazardous Wastes-Tailings

Tailings are produced during the ore processing process of our upstream mining operation. All these tailings are non hazardous and are directed into our designated tailings dams and tailings storage facilities and when full, replantation will be carried out thereof in order to restore their original ecological structure. Details of tailings produced are set out as follows:

	2025	2024	2023
Tailings Production (Tonnes)	795,979	1,054,147	886,221

##### (5) Packaging Materials used for our finished products

Packaging bags are used to contain our finished products in accordance with the need of our customers. Details of our packaging bags used are set out as follows:

	2025	2024	2023
Packaging bags	606,624	476,679	1,679,693

We will continue to monitor the environmental effect in respect of our production, continuing to reduce our waste production, so as to minimise the impact on the surrounding ecosystem.

#### Environmental Regulation: Compliance and Beyond

In China, the implementation of rules and regulations such as National Mineral Resources Plan (2021-2025), Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Management Rules (Trial Version) and Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Implementation Program have enhanced the green mine constructions regulations and requirements regarding the legal operation, comprehensive utilization, environmental protection, land reclamation, etc. for the mining companies including the Group.

In Gabon, the local government also enhanced the rules and requirements regarding the environmental protection matters.

### 2. Energy Savings and Environmental Protection (continued)

#### Environmental Regulation: Compliance and Beyond (continued)

Notwithstanding that, during the year, we continued our investment in environmental protection measures in compliance with the relevant rules and regulations. We have not breached any environmental rules or regulations which resulted in material fines or prosecutions. We believe that rule compliance is only the minimum standard — we treat it as the floor to our environmental performance. We are committed to the responsible management of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business — from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

#### Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research upon and implement various energy savings and reduction measures. During the year, we have implemented the following measures:

- (1) Our upstream mining business:
  - (i) we continued to optimize production layout, ensure raw material supply and improve the mining methods, thereby reducing the mining costs;
  - (ii) Through technical improvement, we fully tap the potential of equipment, improve production efficiency and achieve energy saving; and
  - (iii) we continued to strengthened the safety management of underground mining, thereby preventing and reducing production safety accidents and ensuring production efficiency.
- (2) Our downstream business:
  - (i) EMM business:
    - (a) we improved the metal recovery rate during our EMM production process, thereby reducing the unit consumption rate; and
    - (b) we carried out safety rectification works in respect of safety and environmental risks for our EMM plants, thereby preventing the happening of safety and environmental accidents.
  - (ii) EMD business:
    - (a) we effectively reduced the rinsing times during our EMD production process, and used the recycled rinse water in a systematic manner, thereby reducing the energy consumption; and
    - (b) we increased the chemical leaching efficiency to ensure our quality of electrolysis.

## Environmental, Social and Governance Report

### 3. Quality Operation System Establishment, Employment Training and Growth

#### (1) Quality Operation System Establishment

We continued to enhance our quality operation system, so as to increase our operational efficiency and effectiveness.

##### (i) Supply Chain Management

Our suppliers and contractors provide us a wide range of products and services, including fuel and equipment for our upstream mining operations; electricity and other raw materials for our downstream operations; packaging bags and other related accessories for the sales of our final products as well as underground technology innovation construction service and subcontracting processing services, etc. When selecting suppliers, we will encourage them to use as many environmentally friendly products and services as possible, and we have made relevant green procurement policies.

Details of the number of our suppliers are set out as follows:

<b>Number of our suppliers</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Hong Kong	<b>1</b>	1	1
Mainland China	<b>719</b>	995	530
Gabon	<b>6</b>	4	5
Total	<b>726</b>	1,000	536

All our suppliers are required to be assessed for their capabilities to fulfill our business needs and such assessment is based on a combination of different and various factors such as their track record, reputation, production capacity as applicable.

In addition, we continued to keep close supervision in respect of procurement practice of normal operation. Save and except for those special suppliers, all other suppliers and contractors are selected based on public auction with strict comparison and assessment.

Furthermore, we also continued to carry out assessment and internal audit in respect of our suppliers on a regular basis, so as to assess whether such suppliers continue to meet our request.

### 3. Quality Operation System Establishment, Employment Training and Growth (continued)

#### (1) Quality Operation System Establishment (continued)

##### (ii) Product Quality Supervision

The whole production process, commencing from procurement, production up to after sales services, are strictly complied with ISO9001:2015 quality management requirement.

We continued our improvements and researches on our production technique and have applied and were granted various patents licenses thereof. All our products (including but not limited to our product advertisements and labels) strictly meet the national and our sector standards and our client's requirements. Among which, our major products, EMM, EMD and manganese sulfate are rewarded with recognition of "Quality products of Guangxi" since 2015 and have passed the inspection by the relevant PRC quality assessment bureau.

We continued to provide our clients with quality after sales service and comply with our stringent products quality and safety control system, e.g. "Customers Satisfaction and Complaints Assessment Procedure" and "Products Recall Procedures" etc.

As a result of our continuous stringent control in respect of the quality of our products, the complaints and/or recalls we received in respect of our products continued to remain at a low level. During the year, the complaints and/or recalls we received in respect of our products are as follows:

	2025	2024	2023
Number of products related complaints and/or recalls received	0	3	2

## Environmental, Social and Governance Report

### 3. Quality Operation System Establishment, Employment Training and Growth (continued)

#### (1) Quality Operation System Establishment (continued)

##### (iii) Probity Operating System Establishment

We continued to establish a clean and efficient business environment, including, inter alia, establishment of anti bribery regulation, inclusion of probity system as annual object responsibility audit, execution of probity agreement with our suppliers, and provision of notification letters of reporting channels etc. We enhanced the responsibility assessment of the department heads and established rational and effective management mechanism to prevent our employees from being engaged in illegal activities such as bribery, extortion, fraud and money laundering, etc.

During the year, the complaints or legal cases regarding corruption we received are as follows:

	2025	2024	2023
Number of Complaints and/or Legal Cases regarding Corrupt Practices	0	0	0

##### (iv) Our Code of Conduct and Personal Privacy Protection

All our management and staff are subject to our code(s) of conduct which we implement and review from time to time and such code(s) places them under specific obligations as to the ethics and principles by which our business is conducted. Non-compliance with the code(s) of conduct results in disciplinary action. Disciplinary measures are decided by the relevant line management. These measures are then subject to review and endorsement by the board of directors, in order to ensure the consistency and fairness of treatment.

We monitor and periodically document any complaints related to breaches of customer privacy and loss of customer data. No customer privacy and data loss cases have been reported or noted during the year.

### 3. Quality Operation System Establishment, Employment Training and Growth (continued)

#### (2) Employment Training and Growth

We arranged trainings at all levels of our employees through multi-channels, multi-formats and multi-levels. The key statistics in respect of our training for our employees are set out in the Human Resources Report. In summary, various different training courses were held during the year, effectively improving the quality of staff, and promoting development of our employees.

During the year, our major training activities and projects are as follows:

- (i) Organize the “Series of Trainings to Improve Comprehensive Quality and Ability at Workshop Director Level”;
- (ii) Carry out “Publicity and Implementation Training of Mine Safety Laws and Regulations”;
- (iii) Organize “Business Reception Etiquette Training”;
- (iv) Organize “Safety Management Ability Training”;
- (v) Organize “Training to Improve Work Injury Prevention Capabilities of Mining Enterprises”;
- (vi) Send key management personnel to participate in the “Guangxi “Shibaiqian” Accounting Talent Training”;  
and
- (vii) Organize employees to participate in the “Procurement Business Series Professional Training”.

Our community investment activities complement the way in which our core business contributes to society, by improving the quality of life for communities through donation of our skills, expertise and resources. The three focus areas of our community investment initiatives are: social contribution, living environment and cultural development, details of which are as follows:

- (1) In China, we treasured our social contribution in particular the surrounding community of our mines and the improvement of the living environment of our employees as well as the cultural development, including the followings:
  - (i) We continued to carry out various charitable activities and offer series of poverty alleviation works through employment, education, training, etc. and to the villages or associations surrounding our mines and production plants, including:
    - (a) We purchased condolence materials during festivals to help villagers around the mines carry out festival activities such as Spring Festival and Lantern Festival; and
    - (b) We provided cranes and other equipment support to the governments around the mines, and supplied diesel fuel to border police station vehicles to build grassroots security.

## Environmental, Social and Governance Report

### 4. Social Contribution, Living Environment and Culture Development

- (ii) We continued to offer our help and assistance to our employees particularly those in need, including the followings:
  - (a) We carried out charity activities to help the poor during the Spring Festival, targeted poverty alleviation and continuous help; and
  - (b) We organized employees to participate in health science lectures and pay attention to employees' physical and mental health.
- (iii) We continued to host or organise various cultural or sports activities to our employees or the surrounding villagers, including the followings:
  - (a) We built cultural and sports facilities such as employee homes and employee libraries to provide employees with leisure space to relax and relieve stress;
  - (b) We carry out a series of Women's Day activities such as garden parties and making glutinous rice balls; and
  - (c) We organized employees to participate in various events such as long runs, watching New Year movies, table tennis competitions, and fishing competitions.
- (2) In Gabon, we continued to focus on the local community development and actively participate in various social activities in Gabon and to support the local government in building schools and hospitals. We also donated medical equipments to local hospitals and dug domestic water wells to improve local medical conditions.

We treasure serving our community and therefore, we spent money into the community where our businesses are situated. During the year, our cash donations to charities reached HK\$184,000. Details are as follows:

	2025	2024	2023
Donation (HKD)	184,000	704,000	2,539,000

Given the geographical diversity of our business, we take a site-specific or tailored approach to our various social engagements or construction works. As with any investment that the Company makes, we need to be careful that our resources are allocated to community initiatives in a disciplined and systematic way and that this leads to positive, sustainable outcomes as opposed to having a disruptive effect on a community or the local environment. We are confident that selected community initiatives, carefully chosen, thoroughly implemented and carefully monitored, do enhance the Company's reputation and relationships and do enjoy the support of our shareholders and other stakeholders.

# Shareholding Analysis and Information for Shareholders



# Shareholding Analysis and Information for Shareholders

## Our Share Information and Our Shareholding Structure

As at 31 December 2025, a summary of our share information is set out below:

### Our Share Information as at 31 December 2025

Authorised Share Capital	HK\$1,000,000,000
Issued Share Capital	HK\$493,698,096
Board Lot	1,000 shares
Market Capitalisation	HK\$2,715,339,528
Number of Issued Shares	4,936,980,960
Closing Price	HK\$0.550

As at 31 December 2025, a summary of our shareholding structure is set out below:

### Our shareholding structure as at 31 December 2025

Size of Registered Shareholdings	Number of Shareholders	Number of Shares	Approximate % of issued Capital
0 – 1,000	1,024	962,467	0.02
1,001 – 5,000	920	2,429,643	0.05
5,001 – 10,000	33	242,281	0.00
10,001 – 100,000	21	421,000	0.01
100,001 – 99,999,999,999,999	1	4,932,925,569	99.92
Total	1,999	4,936,980,960	100.00

As at 31 December 2025, the Company has around 2,000 registered shareholders. The actual number of investors in the Company's shares is much greater when taking into account the people and organisations that have indirect interest in the Company's shares through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS) of Hong Kong.

The Company's largest shareholders are Youfu Investment Co., Ltd., Honor Aim Limited, Guangxi Dameng and Mr. Cheung Ming which hold 20.14%, 16.67%, 15.52% and 10.83% of the Company's shares respectively. The remaining 36.84% of the Company's shares are held by a wide range of institutional or corporate investors based in North America, Europe and Asia, as well as a considerable number of retail investors, most of whom are residents in Hong Kong.

# Independent Auditor's Report



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## To the Shareholders of South Manganese Investment Limited

*(Incorporated in Bermuda with limited liability)*

### Opinion

We have audited the consolidated financial statements of South Manganese Investment Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 97 to 179, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) 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”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

## Independent Auditor's Report

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of property, plant and equipment, right-of-use assets, intangible assets and long-term prepayments
2. Impairment assessment of trade receivables, amounts due from associates, deposits and other receivables
3. Assessment of the Group's ability to continue as a going concern

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment assessment of property, plant and equipment, right-of-use assets, intangible assets and long-term prepayments</b></p> <p>As at 31 December 2025, the net book values of property, plant and equipment ("PPE"), right-of-use assets ("ROU"), intangible assets and long-term prepayments amounted to HK\$3,996 million, HK\$491 million, HK\$205 million and HK\$103 million, respectively. In aggregate, these assets accounted for 52.7% of the Group's total assets. The carrying amounts of the Group's PPE, ROU, intangible assets and long-term prepayments are written down to their recoverable amounts if in excess of their estimated recoverable amounts.</p> <p>Management considers these assets, or a group of these assets, as separate identifiable cash-generating units ("CGUs") by entity and by business line and monitors their financial performance for the existence of impairment indicators.</p> <p>The recoverable amount of the assets is determined using value-in-use calculations based on discounted cash flow projections derived from management's forecast, which involve micro-economic assumptions, such as future prices of manganese products, market demand and discount rates, as well as internal assumptions relating to future production capacity, sales volume and operating costs.</p> <p>During the year, an impairment loss of approximately HK\$11,316,000 was recognised for PPE in the consolidated statement of profit or loss in based on management's impairment assessment.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of, and evaluating, the Group's accounting policies, processes, and internal controls relating to the impairment assessment of PPE, ROU, intangible assets and long-term prepayments;</li> <li>• Independently evaluating the scope of management's impairment assessment by identifying potential impairment indicators;</li> <li>• Assessing the reasonableness of management's identification of CGUs based on our knowledge of the business and operations;</li> <li>• Evaluating the appropriateness of the methodology adopted by management to determine the recoverable amounts of the CGUs in the impairment testing;</li> <li>• Checking, on a sample basis, the accuracy and relevance of the input data to supporting evidence, such as approved budgets and assessing the reasonableness of these budgets by comparing them with historical results and market data;</li> </ul>

### Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment assessment of property, plant and equipment, right-of-use assets, intangible assets and long-term prepayments (continued)</b></p> <p>The assessment of impairment involves significant estimation uncertainty, subjective assumptions and significant judgements by management. These estimates and judgements may be significantly affected by unanticipated changes in future market and economic conditions. Accordingly, we considered this as a key audit matter.</p> <p>Please refer to notes 3, 4, 14, 16(a), 17 and 22 to the consolidated financial statements for the accounting policies, significant accounting judgements and estimates, and the relevant disclosures in the consolidated financial statements.</p>	<p>Our procedures included (continued):</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the cash flows projections used in the value-in-use calculations and challenging the reasonableness of management's key assumptions such as future products prices, market demand, production plans and discount rates, based on our knowledge of the business and industry by comparing the assumptions with historical results and published market and industry data, and comparing the current year's actual results with the prior year forecast, where applicable;</li> <li>• Engaging our auditor's valuation expert to assist us in reviewing the methodology and discount rates used in the recoverable amount calculations; and</li> <li>• Assessing whether appropriate impairment-related disclosures are made in the consolidated financial statements.</li> </ul>

## Independent Auditor's Report

### Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment assessment of trade receivables, amounts due from associates, deposits and other receivables</b></p> <p>As at 31 December 2025, the Group's net trade receivables, amounts due from associates, deposits and other receivables amounted to HK\$400 million, HK\$1 million and HK\$103 million respectively. These balances in aggregate accounted for 5.5% of the Group's total assets.</p> <p>As disclosed in note 4 to the consolidated financial statements, management estimates the lifetime expected credit losses ("ECL") of trade receivables using a provision matrix, by grouping debtors with similar loss patterns after considering the past due status of respective trade receivables. The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.</p> <p>In developing the loss allowance for amounts due from associates, deposits and other receivables, management assesses whether the credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. The expected credit loss rates are determined with consideration of the repayment history, default history and financial condition of the counterparties, supplemented by external default data where applicable, and adjusted to reflect current and forward-looking information, including macroeconomic factors affecting the ability of the counterparties to settle the receivables.</p> <p>We identified the impairment assessment of trade receivables, amounts due from associates, deposits and other receivables as a key audit matter due to the significant judgement and management estimates involved in evaluating the ECL at the end of the reporting period.</p> <p>As disclosed in notes 18, 21 and 22 to the consolidated financial statements, the ECL on trade receivables, amounts due from associates, deposits and other receivables as at 31 December 2025 amounted to HK\$267 million, HK\$381 million and HK\$242 million, respectively.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of, and evaluating, management's processes and internal controls relating to the assessment of ECL for trade receivables, amounts due from associates, deposits and other receivables, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of the inherent risk factors;</li> <li>• Assessing the reasonableness of management's grouping of these assets for ECL assessment on the basis of shared credit risk characteristics, by testing the input data on a sample basis, including aging profile, business nature and product type of the respective assets, where relevant;</li> <li>• Examining the identification of significant increase in credit risk and defaults for amounts due from associates, deposits and other receivables by checking against historical payment records and past due days as defined by management;</li> <li>• Evaluating the outcome of prior period ECL assessment for trade receivables, amounts due from associates, deposits and other receivables to assess the effectiveness of management's estimation process;</li> <li>• Challenging management's basis and judgements in determining the ECL, with the assistance of our auditor's valuation expert, including: <ul style="list-style-type: none"> <li>• the basis of the estimated loss rates applied to each category in the provision matrix; and</li> <li>• the estimation of loss rates for individually assessed debtors.</li> </ul> </li> <li>• Evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions against public available information.</li> </ul>

### Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Assessment of the Group's ability to continue as a going concern</b></p> <p>As at 31 December 2025, the Group had net current liabilities of HK\$1,440 million. Note 2.1 to the consolidated financial statements explains how the directors of the Company have formed the judgement that the going concern basis is appropriate in preparing the consolidated financial statements of the Group.</p> <p>The directors of the Company made their assessment of the Group's ability to continue as a going concern by preparing a cash flow forecast in which certain key assumptions were applied. These key assumptions included forecasts of sales volumes, average selling prices, raw material costs and the availability of bank loans and other financing facilities. Based on this assessment, the directors concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.</p> <p>We identified the assessment of the Group's ability to continue as a going concern as a key audit matter because a significant degree of management judgement is involved in making this assessment and in forecasting the future cash flows of the Group, which are inherently uncertain.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing and challenging the key assumptions in management's cash flow forecast, including sales volumes, average selling price, raw material costs and capital expenditure for manganese production, by comparing them with historical production data, market trends for manganese prices and operational plans, and evaluating their reasonableness and achievability;</li> <li>• Comparing the prior year's cash flow forecast with the Group's actual 2025 performance to evaluate forecasting accuracy, and inquiring with management as to the reasons for any significant variations identified;</li> <li>• Reviewing management's sensitivity analyses on the key assumptions adopted in the cash flow forecast and assessing their impact on the conclusions of the going concern assessment;</li> <li>• Inspecting relevant underlying documentation for post-year-end new and renewed bank borrowings; assessing the forecasted renewals against the Group's historical renewal success rate, and; evaluating the availability of undrawn banking facilities to determine whether the financing facilities were sufficient to meet the Group's needs in the context of the cash flow forecast, taking into the account any breach of loan covenants which may trigger early repayment of loans;</li> <li>• Evaluating the availability of unpledged assets (e.g., leasehold land, investment properties, property, plant and equipment, and mining rights) for potential use as collateral to secure additional financing; and comparing asset values with management estimates and market comparables, where applicable;</li> <li>• Obtaining financial information after the reporting period and, assessing for any post-year-end deterioration in performance or adverse events that could impact the going concern assumptions; and</li> <li>• Assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</li> </ul>

## Independent Auditor's Report

### Other Information

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

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

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

### Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

## Independent Auditor's Report

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

We communicate with the Audit Committee, 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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 Wong Tak Man, Stephen (Practicing certificate number: P01727).

#### **RSM Hong Kong**

*Certified Public Accountants*

13 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>REVENUE</b>	6	<b>6,368,752</b>	13,210,519
Cost of sales		<b>(5,302,339)</b>	(12,804,154)
Gross profit		<b>1,066,413</b>	406,365
Other income and gains	6	<b>106,336</b>	144,192
Selling and distribution expenses		<b>(71,861)</b>	(132,953)
Administrative expenses		<b>(545,505)</b>	(523,905)
Impairment losses on non-financial assets	8	<b>(42,944)</b>	(17,750)
Impairment losses on financial assets, net	8	<b>(50,604)</b>	(353,540)
Finance costs	7	<b>(155,483)</b>	(144,826)
Other expenses, net		<b>(94,709)</b>	(124,598)
Share of profits and losses of associates	8	<b>23,745</b>	(10,058)
<b>PROFIT/(LOSS) BEFORE TAX</b>	8	<b>235,388</b>	(757,073)
Income tax expense	11	<b>(91,851)</b>	(44,893)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>143,537</b>	(801,966)
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
– Changes in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”), net of tax		<b>(15)</b>	539
– Exchange differences on translation of foreign operations		<b>56,714</b>	(49,748)
		<b>56,699</b>	(49,209)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>200,236</b>	(851,175)
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>167,065</b>	(725,070)
Non-controlling interests		<b>(23,528)</b>	(76,896)
		<b>143,537</b>	(801,966)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>237,604</b>	(789,511)
Non-controlling interests		<b>(37,368)</b>	(61,664)
		<b>200,236</b>	(851,175)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	12		
Basic		<b>HK\$0.0394</b>	HK\$(0.2115)
Diluted		<b>HK\$0.0394</b>	HK\$(0.2115)

# Consolidated Statement of Financial Position

31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	3,996,469	4,015,985
Investment properties	15	90,972	92,758
Right-of-use assets	16(a)	491,460	493,385
Intangible assets	17	204,874	206,907
Interests in associates	18	95,197	99,403
Deferred tax assets	19	45,065	40,962
Prepayments and other assets	22	141,560	114,174
Total non-current assets		5,065,597	5,063,574
<b>CURRENT ASSETS</b>			
Inventories	20	681,225	1,000,707
Trade and notes receivables	21	872,778	947,166
Prepayments, other receivables and other assets	22	761,905	1,062,130
Due from related companies	34	12,707	–
Tax recoverable		452	441
Restricted deposits	23	35,840	27,835
Pledged deposits	23	858,740	282,421
Cash and cash equivalents	23	806,996	402,329
Total current assets		4,030,643	3,723,029
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	24	1,282,589	1,207,900
Other payables and accruals	25	1,260,023	1,213,223
Interest-bearing bank and other borrowings	26	2,851,881	2,910,076
Due to related companies	34	2,338	5,152
Tax payables		73,702	46,069
Total current liabilities		5,470,533	5,382,420
<b>NET CURRENT LIABILITIES</b>		<b>(1,439,890)</b>	<b>(1,659,391)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,625,707</b>	<b>3,404,183</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	26	793,741	1,035,504
Deferred tax liabilities	19	171,945	221,583
Other long-term liabilities	27	111,202	127,042
Deferred income	28	49,815	42,867
Total non-current liabilities		1,126,703	1,426,996
<b>NET ASSETS</b>		<b>2,499,004</b>	<b>1,977,187</b>

## Consolidated Statement of Financial Position

31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	29	493,698	342,846
Reserves	30	2,427,097	2,018,764
		<b>2,920,795</b>	2,361,610
<b>Non-controlling interests</b>		<b>(421,791)</b>	(384,423)
<b>TOTAL EQUITY</b>		<b>2,499,004</b>	1,977,187

**Zhang He**  
Director

**Xu Xiang**  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company											
	Issued share HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Fair value reserve of financial assets at FVTOCI HK\$'000 (notes 30(a), 30(b))	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Capital redemption reserve HK\$'000	Investment related reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2025	342,846	-	2,461,249	(591)	313,958	(219,970)	312	2,051	(538,245)	2,361,610	(384,423)	1,977,187
Profit/(loss) for the year	-	-	-	-	-	-	-	-	167,065	167,065	(23,528)	143,537
Other comprehensive income for the year:												
– Changes in fair value reserve of financial assets at FVTOCI, net of tax	-	-	-	(15)	-	-	-	-	-	(15)	-	(15)
– Exchange differences on translation of foreign operations	-	-	-	-	-	70,554	-	-	-	70,554	(13,840)	56,714
Total comprehensive income for the year	-	-	-	(15)	-	70,554	-	-	167,065	237,604	(37,368)	200,236
Issue of shares (note 29)	150,852	170,729	-	-	-	-	-	-	-	321,581	-	321,581
Provision for special reserve	-	-	-	-	24,763	-	-	-	(24,763)	-	-	-
Utilisation for special reserve	-	-	-	-	(16,444)	-	-	-	16,444	-	-	-
Change in equity for the year	150,852	170,729	-	(15)	8,319	70,554	-	-	158,746	559,185	(37,368)	521,817
At 31 December 2025	493,698	170,729*	2,461,249*	(606)*	322,277*	(149,416)*	312*	2,051*	(379,499)*	2,920,795	(421,791)	2,499,004

## Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company										
	Issued share HK\$'000	Contributed surplus HK\$'000	Fair value reserve of financial assets at FVTOCI HK\$'000	Reserve funds HK\$'000 (notes 30(a), 30(b))	Exchange fluctuation reserve HK\$'000	Capital redemption reserve HK\$'000	Investment related reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024	342,846	2,461,249	(1,130)	283,843	(154,990)	312	2,051	207,969	3,142,150	(313,788)	2,828,362
Loss for the year	-	-	-	-	-	-	-	(725,070)	(725,070)	(76,896)	(801,966)
Other comprehensive income for the year:											
– Changes in fair value reserve of financial assets at FVTOCI, net of tax	-	-	539	-	-	-	-	-	539	-	539
– Exchange differences on translation of foreign operations	-	-	-	-	(64,980)	-	-	-	(64,980)	15,232	(49,748)
Total comprehensive income for the year	-	-	539	-	(64,980)	-	-	(725,070)	(789,511)	(61,664)	(851,175)
Provision for special reserve	-	-	-	31,861	-	-	-	(31,861)	-	-	-
Utilisation for special reserve	-	-	-	(20,055)	-	-	-	20,055	-	-	-
Transfer	-	-	-	18,309	-	-	-	(9,338)	8,971	(8,971)	-
Change in equity for the year	-	-	539	30,115	(64,980)	-	-	(746,214)	(780,540)	(70,635)	(851,175)
At 31 December 2024	342,846	2,461,249*	(591)*	313,958*	(219,970)*	312*	2,051*	(538,245)*	2,361,610	(384,423)	1,977,187

\* These reserve accounts included in note 30 “Reserves” comprise the consolidated reserves of HK\$2,427,097,000 (2024: HK\$2,018,764,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		235,388	(757,073)
Adjustments for:			
Finance costs	7	155,483	144,826
Bank and other interest income	6	(2,078)	(6,976)
Losses on disposal of items of property, plant and equipment	8	28,328	9,463
Amortisation of deferred income	28	(10,681)	(9,188)
Fair value losses on investment properties	8	4,069	4,393
Depreciation of property, plant and equipment	8	373,584	396,065
Depreciation of right-of-use assets	8	19,078	35,469
Amortisation of intangible assets	8	7,190	1,470
Provision for inventories, net	8	33,642	34,376
(Reversals of impairment)/impairment of trade receivables, net	8	(3,748)	5,238
Impairment of financial assets included			
in prepayments, other receivables and other assets	8	48,991	27,304
Impairment of amounts due from associates	8	5,361	320,998
Impairment losses on non-financial assets	8	42,944	17,750
Share of profits and losses of associates	8	(23,745)	10,058
Provisions for rehabilitation	27	3,109	3,174
Operating profit before working capital changes		916,915	237,347
Decrease in inventories		300,443	627,857
Decrease in trade and notes receivables		99,699	557,430
Decrease in prepayments, other receivables and other assets		248,455	690,621
(Increase)/decrease in amounts due from related companies		(12,707)	2,084
Increase in restricted deposits		(7,208)	(1,908)
Increase/(decrease) in trade and notes payables		48,674	(218,250)
Decrease in other payables and accruals		(2,748)	(218,179)
(Decrease)/increase in amounts due to related companies		(2,905)	4,113
Cash generated from operations		1,588,618	1,681,115
Income tax paid		(105,489)	(83,341)
Net cash generated from operating activities		1,483,129	1,597,774

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		2,144	6,907
Receipt of government grants for property, plant and equipment	28	16,473	7,963
Purchases of items of property, plant and equipment		(407,316)	(531,466)
Proceeds from disposal of items of property, plant and equipment		107,281	28,243
Payments for right-of-use assets		(1,343)	(59,092)
Purchases of intangible assets		(46)	(111)
Settlement of corporate guarantee liability for an associate		–	(320,998)
Net cash used in investing activities		<b>(282,807)</b>	(868,554)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Increase)/decrease in pledged deposits	35(a)	(561,751)	570
Proceeds from sales and leaseback arrangements		97,241	438,520
Principal portion of lease payments		(219,716)	(234,247)
Drawdown of bank and other borrowings		2,820,263	3,068,788
Repayment of bank and other borrowings		(3,094,946)	(4,358,688)
Interest paid	35(a)	(137,481)	(183,871)
Lease liabilities interest paid		(16,423)	(20,949)
Proceeds from shares issued		321,581	–
Net cash used in financing activities		<b>(791,232)</b>	(1,289,877)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>409,090</b>	(560,657)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>402,329</b>	975,579
Effect of foreign exchange rate changes, net		(4,423)	(12,593)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>806,996</b>	402,329
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	1,701,576	712,585
Less: Restricted deposits	23	(35,840)	(27,835)
Less: Pledged deposits	23	(858,740)	(282,421)
Cash and cash equivalents		<b>806,996</b>	402,329

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. Corporate and Group information

The Company was incorporated in Bermuda on 18 July 2005 as an exempted company with limited liability under Section 14 of the Companies Act 1981 of Bermuda (as amended). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 3603, 36/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise manganese mining, ore processing and downstream processing operations in Mainland China, manganese mining and ore operations in Gabon, as well as the trading of manganese ores, manganese alloys and related raw materials.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

Name of company	Place and date of incorporation/ establishment	Issued ordinary share/ registered capital	Percentage of equity interests attributable to the Company		Principal activities/ place of operation
			Direct	Indirect	
South Manganese Holdings Limited	British Virgin Islands ("BVI") 18 May 2005	US\$1	100.00	-	Investment holding and trading of manganese ore/Hong Kong
Dameng International Resources Limited	Hong Kong 28 October 2005	HK\$10,000	-	51.00	Trading of manganese ore/Hong Kong
Huazhou Mining Investment Limited ("Huazhou BVI") (華州礦業投資有限公司)	BVI 6 July 2007	US\$5,820,000	-	60.00	Investment holding/ Hong Kong
Companie Industrielle et Commerciale des Mines de Huazhou (Gabon) ("CICMHZ")	Gabon 24 August 2005	XAF1,000 million	-	51.00	Mining and sale of manganese ore/Gabon
South Manganese Group Limited ("South Manganese Group") (南方錳業集團有限責任公司)*#	People's Republic of China ("PRC") 19 August 2005	RMB1,704,710,100	-	100.00	Mining, processing and sale of manganese related products/PRC
Guangxi Start Manganese Materials Co., Ltd. ("Guangxi Start") (廣西斯達特錳材料有限公司)*	PRC 18 April 2001	RMB24,280,000	-	71.17	Processing and sale of manganese related products/PRC
Qinzhou Dameng New Materials Co., Ltd. ("Qinzhou New Materials") (欽州大錳新材料有限公司)*	PRC 26 November 2003	RMB30,000,000	-	70.00	Manufacture and sale of manganese related products/PRC
Dameng Investment Co., Ltd. (大錳投資有限責任公司)*	PRC 1 February 2008	RMB200,000,000	-	100.00	Investment holding, sale of manganese related products and trading of metals/PRC
Guizhou Zunyi Huixing Ferroalloy Co., Ltd. (貴州遵義匯興鐵合金有限責任公司)*	PRC 20 December 2007	RMB500,000,000	-	64.00	Mining, processing and sale of manganese related products/PRC
Zunyi Huixing Changgou Manganese Mine Co., Ltd. ("Changgou Manganese") (遵義匯興長溝錳礦有限公司)*	PRC 18 May 2020	RMB50,000,000	-	64.00	Mining, processing and sale of manganese related products/PRC

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. Corporate and Group information (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of company	Place and date of incorporation/ establishment	Issued ordinary share/ registered capital	Percentage of equity interests attributable to the Company		Principal activities/ place of operation
			Direct	Indirect	
Daxin Dameng Manganese Limited Company ("Daxin Manganese") (大新大錳業有限公司) <sup>^</sup>	PRC 8 October 2004	RMB11,800,000	-	100.00	Mining, processing and sale of manganese related products/PRC
Daxin Guinan Chemical Co., Ltd. ("Guinan Huagong") (大新桂南化工有限責任公司) <sup>^</sup>	PRC 22 June 2005	RMB30,307,059	-	90.10	Production of sulphuric acid and steam/PRC
Qinzhou Dameng Manganese Co., Ltd. ("Qinzhou Dameng") (欽州大錳業有限責任公司) <sup>^</sup>	PRC 16 December 2014	RMB110,000,000	-	100.00	Manufacture and sale of manganese related products/PRC
Shenzhen Blue Ocean Strategy Trading Co., Ltd. ("Blue Ocean Strategy") (深圳藍海策略貿易有限公司) <sup>#</sup>	PRC 17 May 2016	RMB100,000,000	-	100.00	Trading of manganese ore, manganese alloy and related raw materials/PRC
Guangxi Huiyuan Manganese Industry Co., Ltd. ("Huiyuan Manganese") (廣西匯元錳業有限責任公司) <sup>^</sup>	PRC 14 October 2003	RMB300,000,000	-	100.00	Manufacture and sale of EMD/PRC
Guangxi Daxin Huiyuan New Energy Technology Co., Ltd. ("Huiyuan New Energy") (廣西大新匯元新能源科技有限責任公司) <sup>^</sup>	PRC 30 September 2021	RMB92,971,890	-	100.00	Manufacture and sale of battery and related raw materials/PRC
South Manganese Group (Shanghai) International Trading Co., Ltd. ("South Manganese Shanghai") (南方錳業集團(上海)國際貿易有限公司) <sup>^</sup>	PRC 22 July 2021	RMB90,000,000	-	70.00	Trading of manganese ore, manganese alloy and related raw materials/PRC
Guangxi South Manganese International New Energy Technology Co., Ltd. ("International New Energy") (廣西南錳國際新能源科技有限責任公司)	PRC 8 October 2023	RMB20,000,000	-	100.00	Manufacture and sale of manganese related products/PRC

The English names of the Company's PRC subsidiaries represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the Group for the reporting period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

<sup>#</sup> Foreign investment enterprises incorporated under the Law of the PRC on Sino-foreign Equity Joint Ventures

<sup>^</sup> Limited liability companies under the Company Law of the PRC

## Notes to the Consolidated Financial Statements

31 December 2025

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at FVTOCI which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2025, the Group had net current liabilities of HK\$1,439,890,000, of which HK\$2,851,881,000 represented bank and other borrowings repayable within one year.

The directors of the Company have carefully considered the Group’s future liquidity, operational performance, and available sources of finance in assessing whether the Group has sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows and sustain its operations as a going concern, the Group has implemented or is in the process of implementing the following measures:

- (a) The Group continues to restructure the mix of manganese products processing, aiming to increase the proportion of high-margin products in order to achieve profitable operations and positive cash flows. Specifically, the Group is ramping up the mining and processing capacity of its existing mines. Additionally, in response to the prevailing trends in commodity prices for manganese ore and non-manganese metals, the Group has adjusted the sales strategies of its trading operations in 2025.
- (b) The Group is implementing measures to tighten cost controls over administrative and other operating expenses, with the objective of improving its working capital and cash flow position, including closely monitoring daily operating expenditures.
- (c) The Group is actively following up with debtors to accelerate the collection of outstanding receivables.
- (d) Contract liabilities of HK\$231,127,000 represent non-financial liabilities that do not require immediate cash outflows and will be recognised as revenue in the subsequent year upon fulfilment of the relevant performance obligations.
- (e) The Group maintains strong, long-term relationship with its core banks, which provide continued support. To manage upcoming debt maturities, management is actively engaged in refinancing negotiations for borrowings due in the year ending 31 December 2026. Between 1 January 2026 and the date of authorisation of the consolidated financial statements of the Group, the Group has successfully renewed existing borrowings and obtained new bank borrowings totalling HK\$521,000,000, of which HK\$311,095,000 have maturity of over one year or beyond. Together with the availability of unutilised banking facilities, which are subject to final bank approval upon drawdown, the directors are of the opinion that the Group will be able to renew existing or secure new banking facilities, ensuing sufficient liquidity to support its operations throughout the year ending 31 December 2026.

### 2.1 Basis of preparation (continued)

- (f) Certain existing high-value assets, including leasehold land, investment properties, property, plant and equipment, and mining rights, can be offered as security for further financing, if necessary.
- (g) The directors of the Company have prepared a cash flow forecast for the Group, which covers a period of twelve months from the end of the reporting period. The forecast indicates that the Group will be able to generate sufficient operating cash inflows to meet its current and future obligations.
- (h) The Group is actively exploring alternative financing options, including equity issuance and other forms of financing, to strengthen its financial position and reduce reliance on short-term borrowings.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to sustain its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.1 Basis of preparation (continued)

### Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 Changes in accounting policies and disclosures

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

## 2.3 Issued but not yet effective HKFRS Accounting Standards

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Group's assessment of the impact of the new or amended HKFRS Accounting Standards and Interpretations, most relevant to the Group, are set out below:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendment to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

### 2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the new HKFRS Accounting Standard mentioned below.

#### ***HKFRS 18 “Presentation and Disclosure in Financial Statements”***

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the consolidated statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the consolidated statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the consolidated financial statements.
- Enhanced guidance is provided on how to group information in the consolidated financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group’s consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income on certain investments and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits, adjusted profits before tax and adjusted profits attributable to owners of the Company) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information

#### Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investment in an associate is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 3. Material accounting policy information (continued)

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition-date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### Fair value measurement

The Group measures its investment properties and financial assets at FVTOCI 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 Group. 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 Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements on a recurring basis, the Group 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.

### 3. Material accounting policy information (continued)

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, tax recoverable, financial assets and investment properties), 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.

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 Group 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 Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group 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 Group 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;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (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 Group or to the parent of the Group.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### 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 it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, the 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 Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Other than mining structures and exploration and evaluation assets, depreciation is calculated on 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. The principal annual rates used for this purpose are as follows:

Buildings	3%-20%
Motor vehicles, plant, machinery, tools and equipment	10%-20%
Furniture and fixtures	10%-20%
Leasehold improvements	10%-20% or over the unexpired lease terms, whichever is shorter

Mining structures mainly comprise the open-pit quarries, auxiliary mine shafts and underground tunnels. Depreciation of mining structures is provided to write off the cost of the mining structures using the unit-of-production (“UOP”) method based on reserves estimated to be recovered from existing facilities.

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 represents a building under construction, which 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.

### 3. Material accounting policy information (continued)

#### Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less any impairment losses. Exploration and evaluation assets include costs that are directly attributable to conducting topographical and geological surveys, exploratory drilling, sampling and trenching, and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Exploration expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When the technical feasibility and commercial viability of extracting the ore are demonstrable, exploration and evaluation assets are amortised using the UOP method.

If any project is abandoned during the evaluation stage, the total expenditures thereon are written off when the event occurs. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

#### Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use assets which would otherwise meet the definition of an investment property) held to earn rental income and for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

#### Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the UOP method.

#### 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 either finite or indefinite. 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 the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### Intangible assets (other than goodwill) (continued)

##### Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

##### Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

#### Leases

The Group 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

##### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 any accumulated depreciation and 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:

Offices	2 to 4 years
Leasehold land	10 to 69 years
Motor vehicles, plant and machinery, tools and equipment	4 to 10 years

If ownership of the leased asset transfers to the Group 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.

## 3. Material accounting policy information (continued)

### Leases (continued)

#### Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group 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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### Group as a lessor

When the Group 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 Group 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 Group 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 terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income 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 revenue 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 the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### Leases (continued)

##### Sale and leaseback transaction

The Group applies the requirement of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sales by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of HKFRS 9.

#### Investments and other financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are recognised at the transaction price, that is unconditional, determined under HKFRS 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 FVTOCI, 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 FVTPL, irrespective of the business model.

The Group'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 FVTOCI 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 FVTPL.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

### 3. Material accounting policy information (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 FVTOCI (debt instruments)*

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and other comprehensive income 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 the consolidated statement of profit or loss and other comprehensive income.

#### 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 Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group has retained.

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 Group could be required to repay.

## Notes to the Consolidated Financial Statements

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### 3. Material accounting policy information (continued)

#### Impairment of financial assets

The measurement of expected credit losses ("ECL") is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The Group recognises an allowance for ECL for all debt instruments not held at FVTPL. ECL are estimated on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at FVTOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVTOCI 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 ECL 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 ECL
- 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 ECL
- 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 ECL

## 3. Material accounting policy information (continued)

### Impairment of financial assets (continued)

#### Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group 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.

### Financial liabilities

#### Initial recognition and measurement

At initial recognition, financial liabilities are classified as loans and borrowings or payables and are recognised at fair value, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and amounts due to related companies.

#### Subsequent measurement

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

#### *Financial liabilities at amortised cost (loans and borrowings or payables)*

After initial recognition, interest-bearing loans and 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.

Interest-bearing loans and borrowings are classified as current liabilities unless, at the end of reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

#### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL based on the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### 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.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on the first-in, first-out basis and work in progress and finished goods on a weighted average basis. In the case of work in progress and finished goods, cost 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.

Inventories of auxiliary materials, spare parts, fuels and small tools which are consumed in the process of mining operations are stated at the lower of cost and net realisable value, if necessary, for obsolescence.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Cash and cash equivalents are assessed for ECL.

#### Provisions and contingent liabilities

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.

## 3. Material accounting policy information (continued)

### Provisions and contingent liabilities (continued)

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 Group's obligations for land reclamation are based on estimates of required expenditure at the mines in accordance with the PRC and Gabon rules and regulations. The Group estimates its liabilities for final reclamation 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 obligations. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligations and the asset are recognised using the appropriate discount rates.

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

### 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 Group operates.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### Income tax (continued)

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group 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.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

#### 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.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss and other comprehensive income 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 the consolidated statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss and other comprehensive income over the expected useful lives of the relevant assets by equal annual instalments.

## 3. Material accounting policy information (continued)

### 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 Group expects to be entitled in exchange for those goods or services. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group 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 Group and the customer at contract inception. When the contract contains a financing component which provides the Group 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 HKFRS 15.

#### Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

#### *Revenue from other sources*

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.

#### *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.

### Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### Other employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

## Notes to the Consolidated Financial Statements

31 December 2025

### 3. Material accounting policy information (continued)

#### Other employee benefits (continued)

##### Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For long service payment ("LSP") obligation, the Group accounts for the employer mandatory provident fund ("MPF") contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

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

##### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

##### Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group 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.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

### 3. Material accounting policy information (continued)

#### Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

### 4. Significant accounting judgements and estimates

The preparation of the Group's consolidated 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.

#### Judgements

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

#### Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the factors considered by the directors as detailed in note 2.1 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

31 December 2025

### 4. Significant accounting judgements and estimates (continued)

#### Judgements (continued)

##### Significant increase in credit risk

As explained in note 3 to the consolidated financial statements, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

##### Equity pickup of entity of larger than 50% equity interest

Although the Group holds more than 50% of the equity interest of Qingdao Manganese Investment Cooperative Enterprise (Limited Partnership) ("Qingdao Manganese"), the directors considered the Group obtained one seat out of three in Qingdao Manganese's management committee and hence has significant influence and not control and accordingly the investment in Qingdao Manganese is accounted for as an associate under the equity method.

##### Tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

##### 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.

##### Provision for expected credit losses on trade receivables

The Group uses practical expedient in estimating ECL on trade receivables using a provisional matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 21 to the consolidated financial statements.

## 4. Significant accounting judgements and estimates (continued)

### Estimation uncertainty (continued)

#### Provision for expected credit losses on amounts due from associates

The Group applies a three-stage impairment model in developing the expected credit loss allowance for the amounts due from associates. The measurement requires the estimation of the amount and timing of future cash flows and collateral values, and assessment of a significant increase in credit risk since their initial recognition. The Group uses judgement in making these parameters and selecting the inputs to the impairment calculations, based on repayment history, default history and financial condition of the associates, existing market conditions as well as forward-looking estimates at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2025, the carrying amount of the Group's amounts due from associates was HK\$1,279,000 (net of impairment allowance of HK\$381,087,000) (2024: HK\$Nil (net of impairment allowance of HK\$365,571,000)). The information about the ECL on the Group's amounts due from associates is disclosed in note 18(b) and 18(c) to the consolidated financial statements.

#### Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) reference to independent valuation;
- (b) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (c) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The carrying amount of investment properties at 31 December 2025 was HK\$90,972,000 (2024: HK\$92,758,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the consolidated financial statements.

#### Mineral reserves

Engineering estimates of the Group's mineral resources are inherently imprecise and represent only approximate amounts because of the assumptions involved in developing such information.

There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proven" and "probable". Proven and probable mineral reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost level change from year to year, the estimate of proven and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation/amortisation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation/amortisation expenses and impairment losses. Depreciation/amortisation rates of the mining structures and mining rights are determined based on the proven and probable mineral reserve quantity (the denominator) and the mining quantities (the numerator). As at 31 December 2025, the carrying amount of mining right was HK\$199,662,000 (2024: HK\$200,832,000). Further details are given in note 17 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

31 December 2025

### 4. Significant accounting judgements and estimates (continued)

#### Estimation uncertainty (continued)

##### Provisions for rehabilitation

The provisions for rehabilitation costs have been determined by the directors based on their best estimates. The directors estimated this liability for final restoration and mine closure based upon detailed calculations of the amount and timing of future cash flows to be incurred in performing 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. However, in so far as the effect on the land and environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The provision is reviewed at least annually to verify that it properly reflects the present value of the obligation arising from the current and past mining activities. As at 31 December 2025, provision for mine rehabilitation cost was at carrying amount of HK\$76,121,000 (2024: HK\$69,991,000). Further details are included in note 27 to the consolidated financial statements.

##### Useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

##### Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 14, 16, 17, 18 and 22 to the consolidated financial statements.

##### Deferred tax assets

As at 31 December 2025, a deferred tax asset of HK\$33,518,000 (2024: HK\$32,720,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK\$2,292,739,000 (2024: HK\$2,142,195,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the manganese markets may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

### 5. Operating segment information

For management purposes, the Group is organised as a mixture of both business products and geographical locations based on their products and services and has four reportable operating segments as follows:

(a) **Manganese mining segment (PRC and Gabon)**

The manganese mining segment engages in the mining and production of manganese products including principally, through the Group's integrated processes, the mining, beneficiation, concentrating, grinding and the production of manganese concentrates and natural discharging manganese powder and sand;

(b) **EMM and alloying materials production segment (PRC)**

The EMM and alloying materials production segment comprises mining and processing ores used in hydrometallurgical processing for/and production of Electrolytic Manganese Metal ("EMM") and manganese briquette, and pyrometallurgical processing for production of silicomanganese alloy and ferromanganese;

(c) **Battery materials production segment (PRC)**

The battery materials production segment engages in the manufacture and sale of battery materials products, including Electrolytic Manganese Dioxide ("EMD"), manganese sulfate, lithium manganese oxide, lithium nickel cobalt manganese oxide and trimanganese tetroxide; and

(d) **Other business segment (PRC and HK)**

The other business segment comprises, principally, the trading of various commodities such as manganese ores, EMM, manganese alloys and non-manganese metals, sales of scraps and rental of investment properties and leasehold land and investments in companies engaged in the mining and production of non-manganese metals and trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted deposits, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank loans, lease liabilities under sales and leaseback arrangements, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## Notes to the Consolidated Financial Statements

31 December 2025

### 5. Operating segment information (continued)

	Manganese mining		EMM and alloying materials production	Battery materials production	Other business	Total
	PRC HK\$'000	Gabon HK\$'000	PRC HK\$'000	PRC HK\$'000	PRC and HK HK\$'000	HK\$'000
<b>Year ended 31 December 2025</b>						
<b>Segment revenue (note 6)</b>						
Sales to external customers	106,118	1,479,403	1,961,324	1,556,657	1,265,250	6,368,752
Intersegment sales	-	315,004	-	-	-	315,004
Other income and gains	(914)	754	45,154	20,287	38,977	104,258
	105,204	1,795,161	2,006,478	1,576,944	1,304,227	6,788,014
<i>Reconciliation:</i>						
Elimination of intersegment sales						(315,004)
Revenue from operations						6,473,010
<b>Segment results</b>	(29,834)	61,343	37,607	387,063	70,592	526,771
<i>Reconciliation:</i>						
Interest income						2,078
Corporate and other unallocated expenses						(154,401)
Finance costs (other than interest on lease liabilities)						(139,060)
Profit before tax						235,388
Income tax expense						(91,851)
<b>Profit for the year</b>						143,537
<b>Assets and liabilities</b>						
<b>Segment assets</b>	569,409	406,429	2,829,464	2,211,467	930,774	6,947,543
<i>Reconciliation:</i>						
Corporate and other unallocated assets						2,148,697
<b>Total assets</b>						9,096,240
<b>Segment liabilities</b>	380,816	351,444	1,185,000	335,379	350,841	2,603,480
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						3,993,756
<b>Total liabilities</b>						6,597,236
<b>Other segment information:</b>						
Depreciation and amortisation	10,820	23,923	196,227	138,660	3,528	373,158
Unallocated depreciation and amortisation						26,694
Total depreciation and amortisation						399,852
Capital expenditure <sup>#</sup>	21,136	6,276	196,204	185,070	-	408,686
Unallocated capital expenditure						3,624
Total capital expenditure						412,310
Impairment losses recognised/(reversed) in profit or loss	(13)	(7,616)	33,044	3,090	65,043	93,548
Losses/(gains) on disposal of items of property, plant and equipment	348	-	25,791	6,369	(4,180)	28,328
Investments in associates	-	-	-	-	93,918	93,918
Share of profits of associates	-	-	-	-	23,745	23,745

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

## Notes to the Consolidated Financial Statements

31 December 2025

### 5. Operating segment information (continued)

	Manganese mining		EMM and alloying materials production	Battery materials production	Other business	Total
	PRC	Gabon	PRC	PRC	PRC and HK	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2024</b>						
<b>Segment revenue (note 6)</b>						
Sales to external customers	144,497	1,030,761	2,162,924	1,508,556	8,363,781	13,210,519
Intersegment sales	-	274,078	-	-	-	274,078
Other income and gains	3,341	41,252	60,090	27,331	5,202	137,216
	147,838	1,346,091	2,223,014	1,535,887	8,368,983	13,621,813
<i>Reconciliation:</i>						
Elimination of intersegment sales						(274,078)
Revenue from operations						13,347,735
<b>Segment results</b>	13,320	157,827	(393,691)	386,506	(669,185)	(505,223)
<i>Reconciliation:</i>						
Interest income						6,976
Corporate and other unallocated expenses						(134,949)
Finance costs (other than interest on lease liabilities)						(123,877)
Loss before tax						(757,073)
Income tax expense						(44,893)
<b>Loss for the year</b>						(801,966)
<b>Assets and liabilities</b>						
<b>Segment assets</b>	591,941	561,404	2,724,598	2,276,836	1,470,937	7,625,716
<i>Reconciliation:</i>						
Corporate and other unallocated assets						1,160,887
<b>Total assets</b>						8,786,603
<b>Segment liabilities</b>	389,741	420,146	668,233	334,611	719,971	2,532,702
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						4,276,714
<b>Total liabilities</b>						6,809,416
<b>Other segment information:</b>						
Depreciation and amortisation	12,079	37,115	223,937	137,646	5,781	416,558
Unallocated depreciation and amortisation						16,446
Total depreciation and amortisation						433,004
Capital expenditure <sup>#</sup>	73,891	28,194	228,383	210,499	1,511	542,478
Unallocated capital expenditure						51,454
Total capital expenditure						593,932
Impairment losses recognised/(reversed) in profit or loss	(13)	7,616	345,451	(4,841)	23,077	371,290
Losses on disposal of items of property, plant and equipment	434	-	6,879	1,240	910	9,463
Investments in associates	-	-	-	-	99,403	99,403
Share of losses of associates	-	-	-	-	(10,058)	(10,058)

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

## Notes to the Consolidated Financial Statements

31 December 2025

### 5. Operating segment information (continued)

#### Geographical information

##### (a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Mainland China	5,742,998	12,523,377
Asia (excluding Mainland China)	567,585	644,141
Europe	51,767	37,337
North America	6,402	5,664
	<b>6,368,752</b>	13,210,519

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

##### (b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Mainland China	4,893,306	4,906,644
Africa	88,386	100,414
	<b>4,981,692</b>	5,007,058

The non-current asset information above is based on the locations of assets and excludes financial assets and deferred tax assets.

#### Information about a major customer

The turnover from the Group's largest customer accounted for less than 10% of the Group's total turnover.

### 6. Revenue, other income and gains

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	<b>6,368,752</b>	13,210,519

## Notes to the Consolidated Financial Statements

31 December 2025

### 6. Revenue, other income and gains (continued)

#### Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2025

#### Segments

	Manganese mining HK\$'000	EMM and alloying materials production HK\$'000	Battery materials production HK\$'000	Other business HK\$'000	Total HK\$'000
<b>Sale of goods</b>	<b>1,585,521</b>	<b>1,961,324</b>	<b>1,556,657</b>	<b>1,265,250</b>	<b>6,368,752</b>
<b>Geographical markets</b>					
Mainland China	1,152,510	1,786,505	1,550,473	1,253,510	5,742,998
Asia (excluding Mainland China)	433,011	116,701	6,184	11,689	567,585
Europe	–	51,716	–	51	51,767
North America	–	6,402	–	–	6,402
Total revenue from contracts with customers	<b>1,585,521</b>	<b>1,961,324</b>	<b>1,556,657</b>	<b>1,265,250</b>	<b>6,368,752</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time with customers	<b>1,585,521</b>	<b>1,961,324</b>	<b>1,556,657</b>	<b>1,265,250</b>	<b>6,368,752</b>

For the year ended 31 December 2024

#### Segments

	Manganese mining HK\$'000	EMM and alloying materials production HK\$'000	Battery materials production HK\$'000	Other business HK\$'000	Total HK\$'000
<b>Sale of goods</b>	<b>1,175,258</b>	<b>2,162,924</b>	<b>1,508,556</b>	<b>8,363,781</b>	<b>13,210,519</b>
<b>Geographical markets</b>					
Mainland China	631,486	2,044,471	1,499,622	8,347,798	12,523,377
Asia (excluding Mainland China)	543,772	81,073	8,699	10,597	644,141
Europe	–	31,716	235	5,386	37,337
North America	–	5,664	–	–	5,664
Total revenue from contracts with customers	<b>1,175,258</b>	<b>2,162,924</b>	<b>1,508,556</b>	<b>8,363,781</b>	<b>13,210,519</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time with customers	<b>1,175,258</b>	<b>2,162,924</b>	<b>1,508,556</b>	<b>8,363,781</b>	<b>13,210,519</b>

## Notes to the Consolidated Financial Statements

31 December 2025

### 6. Revenue, other income and gains (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods (note 25(a))	367,036	390,459

##### (b) Performance obligations

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

#### *Sale of goods*

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one to three months from the invoice date, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	231,127	367,036

## Notes to the Consolidated Financial Statements

31 December 2025

### 6. Revenue, other income and gains (continued)

An analysis of other income and gains is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Bank and other interest income		2,078	6,976
Subsidy income*		40,174	34,515
Sale of scraps		30,615	33,629
Gross rental income for operating leases in relation to:	16		
Investment properties		12,586	14,002
Foreign exchange gains, net	8	–	4,193
Others		20,883	50,877
		<b>106,336</b>	144,192

\* The amount mainly represents government grants of subsidy and compensation for electricity costs, research and development costs and sustainable development in Mainland China. Conditions or contingencies relating to these grants are fulfilled and they are not deducted from related costs which they are intended to compensate, but recorded in other income.

### 7. Finance costs

An analysis of finance costs is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Interest on loans and other payables		124,626	96,585
Finance costs for discounted notes receivable		11,312	24,843
Interest on lease liabilities	16(b) & (c)	16,423	20,949
Interest on discounted provision for rehabilitation	27	3,122	2,449
		<b>155,483</b>	144,826

## Notes to the Consolidated Financial Statements

31 December 2025

### 8. Profit/(loss) before tax

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

	Note	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold# ***		<b>5,031,134</b>	11,685,627
Depreciation of property, plant and equipment	14	<b>373,584</b>	396,065
Depreciation of right-of-use assets	16(a) & (c)	<b>19,078</b>	35,469
Amortisation of intangible assets	17	<b>7,190</b>	1,470
Research and development costs		<b>50,803</b>	76,969
Losses on contractual compensation*		<b>–</b>	88,812
Lease payments not included in the measurement of lease liabilities	16(c)	<b>2,250</b>	7,586
Auditor's remuneration		<b>4,900</b>	4,900
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):			
Wages and salaries		<b>441,153</b>	473,480
Pension scheme contributions		<b>65,399</b>	76,774
Other employee welfare		<b>65,791</b>	74,494
		<b>572,343</b>	624,748
Losses on disposal of items of property, plant and equipment**		<b>28,328</b>	9,463
Foreign exchange differences, net**		<b>30,847</b>	(4,193)
Share of (profits)/losses of associates		<b>(23,745)</b>	10,058
Provision for inventories, net#		<b>33,642</b>	34,376
Impairment losses on non-financial assets:			
Impairment of property, plant and equipment	14	<b>11,316</b>	5,692
Impairment of right-of-use assets	16(a)	<b>–</b>	12,058
Impairment of investments in associates		<b>31,628</b>	–
		<b>42,944</b>	17,750
Impairment losses on financial assets, net:			
(Reversal)/impairment of trade receivables, net	21	<b>(3,748)</b>	5,238
Impairment of financial assets included in prepayments, other receivables and other assets		<b>48,991</b>	27,304
Impairment of amounts due from associates		<b>5,361</b>	320,998
		<b>50,604</b>	353,540
Fair value losses on investment properties**	15	<b>4,069</b>	4,393

# Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\* For the year ended 31 December 2024, losses totalling HK\$88,812,000 arising from non-performance of certain procurement contracts, which are included in "Other Expenses" in the consolidated statement of profit or loss and other comprehensive income. No such loss was incurred during the year ended 31 December 2025.

\*\* HK\$Nil (2024: HK\$4,193,000) included in note 6 "Other income and gains" and HK\$63,244,000 (2024: HK\$13,856,000) included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

\*\*\* Cost of inventories sold included HK\$517,949,000 (2024: HK\$699,098,000) relating to depreciation, amortisation, lease charges and employee benefit, which are included in the amount disclosed separately above for each of these types of expenses.

## Notes to the Consolidated Financial Statements

31 December 2025

### 9. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	1,998	3,072
Other emoluments		
Salaries, allowances and benefits in kind	10,604	7,699
Performance related bonuses	2,878	4,792
Pension scheme contributions	477	409
	<b>13,959</b>	12,900
	<b>15,957</b>	15,972

#### (a) Independent non-executive directors

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

Fees	2025 HK\$'000	2024 HK\$'000
Mr. Zhang Yupeng (resigned on 20 May 2025)	117	300
Mr. Yuan Mingliang	154	300
Mr. Lo Sze Hung	154	300
Mr. Luo Guihua	154	93
Mr. Zhou Jie	154	93
Mr. Wu Qi	154	93
	<b>887</b>	1,179

There were no other emoluments payable to the independent non-executive directors during the year (2024: HK\$Nil).

## Notes to the Consolidated Financial Statements

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### 9. Directors' and chief executive's remuneration (continued)

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

	Fees HK\$'000	Salaries, allowances and benefits in kind HK'000	Performance related bonuses HK'000	Pension Scheme contributions HK'000	Total HK'000
<b>2025</b>					
<b>Executive directors:</b>					
Mr. Zhang He (appointed as Chairman on 10 Oct 2025)	154	1,405	560	18	2,137
Mr. Xu Xiang	154	1,263	500	43	1,960
Mr. Liu Yang	154	874	138	43	1,209
Mr. Pan Shenghai	154	1,274	139	96	1,663
Ms. Cui Ling	154	853	139	96	1,242
Mr. An Wei (appointed on 10 Oct 2025)	11	829	138	43	1,021
Mr. Ming Xianquan (appointed on 13 Oct 2025)	11	1,698	628	43	2,380
Mr. Wan Weihua (appointed on 13 Oct 2025)	11	1,212	498	43	1,764
Mr. Zhang Yi (resigned on 10 Oct 2025)	143	832	138	43	1,156
	<b>946</b>	<b>10,240</b>	<b>2,878</b>	<b>468</b>	<b>14,532</b>
<b>Non-executive director:</b>					
Mr. Huang Chuangxin	154	-	-	-	154
<b>Chief executive and executive director:</b>					
Mr. Zhan Haiqing (appointed on 13 Oct 2025)	11	364	-	9	384
	<b>1,111</b>	<b>10,604</b>	<b>2,878</b>	<b>477</b>	<b>15,070</b>

## Notes to the Consolidated Financial Statements

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### 9. Directors' and chief executive's remuneration (continued)

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

	Fees HK\$'000	Salaries, allowances and benefits in kind HK'000	Performance related bonuses HK'000	Pension Scheme contributions HK'000	Total HK'000
<b>2024</b>					
<b>Executive directors:</b>					
Mr. Zhang He	300	836	1,086	18	2,240
Mr. Xu Xiang	300	789	582	27	1,698
Mr. Li Junji (removed on 9 September 2024)	207	238	701	119	1,265
Mr. Pan Shenghai*	93	176	–	42	311
Mr. Liu Yang (appointed on 9 September 2024)	93	142	–	33	268
Ms. Cui Ling**	75	117	–	42	234
	1,068	2,298	2,369	281	6,016
<b>Non-executive directors:</b>					
Mr. Huang Chuangxin (appointed on 10 September 2024)	93	–	–	–	93
Mr. Pan Shenghai*	207	–	–	–	207
Ms. Cui Ling**	225	–	–	–	225
	525	–	–	–	525
<b>Chief executive and executive director:</b>					
Mr. Li Weijian (removed on 9 September 2024)	207	5,248	2,423	95	7,973
Mr. Zhang Yi***	93	153	–	33	279
	300	5,401	2,423	128	8,252
	1,893	7,699	4,792	409	14,793

\* Mr. Pan Shenghai re-designated as Executive Director on 10 September 2024.

\*\* Ms. Cui Ling re-designated as Executive Director on 30 September 2024.

\*\*\* Mr. Zhang Yi appointed as Executive Director on 9 September 2024 and appointed as Chairman on 10 September 2024.

The performance related bonuses are mainly determined on the basis of the Group's and individual performance for years ended 31 December 2025 and 2024.

No remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

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

## Notes to the Consolidated Financial Statements

31 December 2025

### 10. Five highest paid employees

The five highest paid employees for the year ended 31 December 2025 include four directors (2024: three directors including the former chief executive), details of whose remuneration are set out in note 9. Details of the remuneration for the year of the remaining one (2024: two) highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	1,569	2,223
Performance related bonuses	450	943
Pension scheme contributions	18	127
	<b>2,037</b>	3,293

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

	2025	2024
Number of employees by remuneration band:		
HK\$1,500,001 – HK\$2,000,000	–	2
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	–
	<b>1</b>	2

### 11. Income tax expense

The Group is subject to income tax on an entity basis and assessable based on tax rates prevailing in the jurisdictions in which members of the Group operate.

	Note	2025 HK\$'000	2024 HK\$'000
Current – Charge for the year			
– PRC		73,781	56,956
– Hong Kong		825	4,006
– Gabon		62,220	24,590
Under/(over)-provision in prior years		11,024	(36,837)
Deferred	19	(55,999)	(3,822)
Total tax expense for the year		<b>91,851</b>	44,893

#### Hong Kong profits tax

Provision for Hong Kong profits tax for 2025 and 2024 is calculated at 16.5% of the estimated assessable profit for the year.

## Notes to the Consolidated Financial Statements

31 December 2025

### 11. Income tax (continued)

#### PRC corporate income tax ("CIT")

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, South Manganese Group and Huiyuan Manganese are recognised as High and New Technology Enterprises and are entitled to a preferential CIT rate of 15% up to 2028 and 2026 respectively.

Other companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income, unless it meets the conditions for other preferential tax treatments, such as the entitled CIT rate of 5% for Small and Micro Enterprises.

#### Gabon CIT

Pursuant to the Gabon Income Tax Law, a company which engages in mining operations in Gabon is subject to CIT at the higher of 35% of its taxable income or 1% of its revenue.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

A reconciliation of the income tax expense applicable to profit/(loss) before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are principally domiciled to the income tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) before tax	235,388	(757,073)
Tax at the statutory PRC CIT rate	58,847	(189,268)
Different tax rates for specific provinces or enacted by local authority	1,109	24,070
Profits and losses attributable to associates	(1,844)	2,515
Income not subject to tax	(46,463)	(5,222)
Expenses not deductible for tax	51,647	45,424
Research and development tax credit	(6,586)	(5,973)
Tax losses and temporary difference not recognised	18,398	214,417
Utilisation of tax losses not previously recognised	(10,066)	(4)
Under/(over)-provisions in respect of previous years	11,024	(36,424)
Withholding tax on the distributable profits of subsidiaries	5,821	3,167
Others	9,964	(7,809)
Tax charges reported in profit or loss	91,851	44,893
Effective income tax rate	39.0%	-5.9%

### 12. Earnings/(loss) per share attributable to owners of the Company

The calculation of the basic earnings/loss per share is based on the profit/loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 4,240,768,957 (2024: 3,428,459,000) in issue during the year.

No diluted earnings/loss per share has been presented as the Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

## Notes to the Consolidated Financial Statements

31 December 2025

### 12. Earnings/(loss) per share attributable to owners of the Company (continued)

The calculations of basic earnings/loss per share are based on:

	2025 HK\$'000	2024 HK\$'000
<b>Earnings/(loss)</b>		
Earnings/(loss) attributable to owners of the Company, used in the basic earnings/loss per share calculation	167,065	(725,070)
	<b>Number of shares</b>	
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/loss per share calculation	4,240,768,957	3,428,459,000

### 13. Dividends

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: HK\$Nil).

### 14. Property, plant and equipment

2025	Note	Buildings and mining structures HK\$'000	Motor vehicles, plant, machinery, tools and equipment HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvements and exploration assets HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 1 January 2025:							
Cost		4,147,827	3,141,171	45,870	67,886	668,732	8,071,486
Accumulated depreciation and impairment		(2,049,796)	(1,929,968)	(28,953)	(46,784)	-	(4,055,501)
Net carrying amount		2,098,031	1,211,203	16,917	21,102	668,732	4,015,985
At 1 January 2025, net of accumulated depreciation and impairment							
Additions		15,088	106,329	2,633	1,040	282,226	407,316
Depreciation provided during the year	8	(173,641)	(194,188)	(3,518)	(2,237)	-	(373,584)
Impairment	8	(532)	(10,720)	(64)	-	-	(11,316)
Disposals		(13,132)	(44,422)	(574)	-	(77,481)	(135,609)
Transfers		206,217	132,561	1,169	-	(339,947)	-
Exchange realignment		51,027	26,703	411	1,322	14,214	93,677
At 31 December 2025, net of accumulated depreciation and impairment							
		2,183,058	1,227,466	16,974	21,227	547,744	3,996,469
<b>At 31 December 2025:</b>							
Cost		4,407,027	3,362,343	49,509	70,239	547,744	8,436,862
Accumulated depreciation and impairment		(2,223,969)	(2,134,877)	(32,535)	(49,012)	-	(4,440,393)
Net carrying amount		2,183,058	1,227,466	16,974	21,227	547,744	3,996,469

## Notes to the Consolidated Financial Statements

31 December 2025

### 14. Property, plant and equipment (continued)

2024	Note	Buildings and mining structures HK\$'000	Motor vehicles, plant, machinery, tools and equipment HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvements and exploration and evaluation assets HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 1 January 2024:							
Cost		4,017,680	3,114,346	42,190	62,115	564,699	7,801,030
Accumulated depreciation and impairment		(1,925,341)	(1,795,012)	(29,942)	(43,006)	-	(3,793,301)
Net carrying amount		2,092,339	1,319,334	12,248	19,109	564,699	4,007,729
At 1 January 2024, net of accumulated depreciation and impairment							
		2,092,339	1,319,334	12,248	19,109	564,699	4,007,729
Additions		265	65,585	7,037	7,199	452,695	532,781
Depreciation provided during the year	8	(172,028)	(216,689)	(2,566)	(4,782)	-	(396,065)
Impairment	8	(61)	(5,593)	(38)	-	-	(5,692)
Disposals		(1,495)	(11,928)	(579)	-	(23,704)	(37,706)
Transfers		223,918	86,593	1,139	-	(311,650)	-
Exchange realignment		(44,907)	(26,099)	(324)	(424)	(13,308)	(85,062)
At 31 December 2024, net of accumulated depreciation and impairment							
		2,098,031	1,211,203	16,917	21,102	668,732	4,015,985
<b>At 31 December 2024:</b>							
Cost		4,147,827	3,141,171	45,870	67,886	668,732	8,071,486
Accumulated depreciation and impairment		(2,049,796)	(1,929,968)	(28,953)	(46,784)	-	(4,055,501)
Net carrying amount		2,098,031	1,211,203	16,917	21,102	668,732	4,015,985

At 31 December 2025, the Group was in the process of applying for the building ownership certificates of certain of its buildings with a total carrying amount of HK\$128,471,000 (2024: HK\$135,234,000). The directors are of the opinion that the aforesaid matter will not have any significant adverse impact on the Group's consolidated financial position as at 31 December 2025.

As at 31 December 2025, property, plant and equipment with a total carrying amount of HK\$976,824,000 (2024: HK\$744,600,000) was pledged to certain lease liabilities under sales and leaseback arrangements and bank loans as set out in note 26 to the consolidated financial statements.

An impairment loss of HK\$11,316,000 was recognised in relation to the unused and obsolete property, plant and equipment for the year ended 31 December 2025 (2024: HK\$5,692,000).

## Notes to the Consolidated Financial Statements

31 December 2025

### 15. Investment properties

	Note	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January		92,758	99,208
Fair value loss recognised in profit or loss	8	(4,069)	(4,393)
Exchange realignment		2,283	(2,057)
Carrying amount at 31 December		90,972	92,758

The Group's investment properties are commercial properties situated in Mainland China.

#### Valuation processes

The Group measures its investment properties at fair value as at 31 December 2025 and 2024. The investment properties were revalued by independent qualified professional valuers not related to the Group.

The management appoints external valuers to perform valuation of the Group's investment properties frequently enough to ensure that the carrying amount of the investment properties does not differ materially from their fair value. Selection criteria include market knowledge, reputation, independence and professional competency. Management will discuss with the valuers on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the consolidated financial statements.

All of the fair value measurements of the Group's investment properties were categorised into level 3 of the fair value hierarchy.

During the year, there were no transfers into or out of level 3 (2024: Same).

Below is a summary of the valuation technique used and a summary of the key inputs to the valuation of the investment properties:

#### At 31 December 2025

	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs
Commercial properties	Direct comparison method	Estimated sales value (per sq.m.)	RMB2,200 to RMB34,960	Increase

At 31 December 2024

	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs
Commercial properties	Direct comparison method	Estimated sales value (per sq.m.)	RMB2,900 to RMB34,960	Increase

Under the direct comparison method, the fair value of the investment properties is estimated assuming sale of each of these properties in existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market and adjusted for differences in the nature and location.

### 16. Leases

#### The Group as a lessee

The Group has lease contracts for various items of offices, plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 10 to 69 years, and no ongoing payments will be made under the terms of these land leases. Leases of offices generally have lease terms between 2 and 4 years, while motor vehicles, plant and machinery generally have lease terms between 4 and 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Some lease contracts include the option to extend or terminate the leases depending on the terms of the specific leases concerned. The Group assesses whether it is reasonably certain to exercise that option and if so, exercising that option should be taken into account when determining a lease term.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Note	Leasehold land HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024		461,560	28,981	490,541
Addition		59,092	1,948	61,040
Depreciation	8	(18,256)	(17,213)	(35,469)
Impairment	8	–	(12,058)	(12,058)
Exchange realignment		(10,502)	(167)	(10,669)
At 31 December 2024 and 1 January 2025		<b>491,894</b>	<b>1,491</b>	<b>493,385</b>
Addition		<b>1,368</b>	<b>3,580</b>	<b>4,948</b>
Depreciation	8	<b>(15,476)</b>	<b>(3,602)</b>	<b>(19,078)</b>
Exchange realignment		<b>12,205</b>	–	<b>12,205</b>
At 31 December 2025		<b>489,991</b>	<b>1,469</b>	<b>491,460</b>

As at 31 December 2024, the alloying material production operations of certain subsidiaries have been temporarily suspended with no plans for resumption in the near term, an impairment loss of HK\$12,058,000 was recognised to reflect their diminished recoverable amount.

As at 31 December 2025, leasehold land with a carrying amount of HK\$78,878,000 (2024: HK\$79,556,000) was pledged to bank loans as set out in note 26 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

31 December 2025

### 16. Leases (continued)

#### The Group as a lessee (continued)

##### (b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January		426,314	228,009
New leases		100,846	440,468
Accretion of interest recognised during the year	7	16,423	20,949
Payments		(236,139)	(255,196)
Exchange realignment		9,123	(7,916)
Carrying amount at 31 December		316,567	426,314
Analysed into:			
Current portion	26	168,984	210,108
Non-current portion	26	147,583	216,206
		316,567	426,314

The maturity analysis of lease liabilities is disclosed in note 26 to the consolidated financial statements.

##### (c) Amounts recognised in profit or loss in relation to leases

	Note	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	7	16,423	20,949
Depreciation charge of right-of-use assets	8	19,078	35,469
Lease payments not included in the measurement of lease liabilities			
– Expense relating to short-term leases		929	2,154
– Expense relating to leases of low-value assets		603	1,112
– Variable lease payments not included in the measurement of lease liabilities		718	4,320
	8	2,250	7,586
Total amount recognised in profit or loss		37,751	64,004

**16. Leases (continued)****The Group as a lessee (continued)**

(c) Amounts recognised in profit or loss in relation to leases (continued)

**Variable lease payments**

The Group has lease contracts for power transformers that contain variable payments based on the actual volume of electricity consumed. These terms are negotiated by management without steady customer demand. Management's objective is to align the lease expense with the volume of electricity consumed and revenue earned.

**Operating lease arrangements as lessee**

The Group regularly entered into short-term leases for office and motor vehicles. As at 31 December 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

(d) The total cash outflow for leases is disclosed in note 35(b) to the consolidated financial statements.

**The Group as a lessor**

The Group leases its investment properties (note 15) and certain of its plant and machinery under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$12,586,000 (2024: HK\$14,002,000), details of which are included in note 6 to the consolidated financial statements.

The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

At 31 December 2025, the total undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>1,605</b>	10,383
In the second year	<b>672</b>	2,114
In the third year	<b>387</b>	584
In the fourth year	<b>176</b>	274
In the fifth year	<b>18</b>	92
	<b>2,858</b>	13,447

## Notes to the Consolidated Financial Statements

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### 17. Intangible assets

<b>2025</b>	<b>Note</b>	<b>Mining rights HK\$'000</b>	<b>Other intangible assets HK\$'000</b>	<b>Total HK\$'000</b>
Carrying amount at 1 January 2025		200,832	6,075	206,907
Additions		–	46	46
Amortisation provided during the year	8	(6,142)	(1,048)	(7,190)
Exchange realignment		4,972	139	5,111
Carrying amount at 31 December 2025		199,662	5,212	204,874
<b>At 31 December 2025</b>				
Cost		918,940	16,483	935,423
Accumulated amortisation and impairment		(719,278)	(11,271)	(730,549)
Net carrying amount		199,662	5,212	204,874
<b>2024</b>				
Carrying amount at 1 January 2024		205,586	8,447	214,033
Additions		–	111	111
Amortisation provided during the year	8	(369)	(1,101)	(1,470)
Exchange realignment		(4,385)	(1,382)	(5,767)
Carrying amount at 31 December 2024		200,832	6,075	206,907
<b>At 31 December 2024</b>				
Cost		912,761	15,799	928,560
Accumulated amortisation and impairment		(711,929)	(9,724)	(721,653)
Net carrying amount		200,832	6,075	206,907

Due to the alteration of the Group's expansion plan of Changgou Manganese Mine in previous years, accumulated impairment losses of HK\$297,844,000 were recognised as at 31 December 2025 (2024: HK\$288,406,000).

As at 31 December 2025, management has reviewed the operational performance of Changgou Manganese Mine and considered the operation's sensitivity to a range of factors including discount rate, estimated selling prices, future production volume, operation expenditure and capital expenditure and concluded that there is currently no further impairment or any requirement to reverse the previously recognised impairment.

The recoverable amount is determined by discounting the future cashflow generated from the continuous use of the mining right and its related infrastructure and plant and machinery in relation to Changgou Manganese Mine ("Changgou CGU").

## Notes to the Consolidated Financial Statements

31 December 2025

### 17. Intangible assets (continued)

The key assumptions used in the Group's mining right impairment test as at 31 December were as follows:

<b>2025</b>	<b>Changgou CGU</b>
Average selling price	RMB386 per tonne
Pre-tax discount rate	13.3%
<hr/>	
<b>2024</b>	<b>Changgou CGU</b>
Average selling price	RMB327 per tonne
Pre-tax discount rate	12.2%

### 18. Interests in associates

	Note	2025 HK\$'000	2024 HK\$'000
Share of net assets		437,148	410,586
Less: Impairment		(343,230)	(311,183)
		<b>93,918</b>	99,403
<hr/>			
Amounts due from associates			
- Unsecured	(b)	58,205	49,375
- Secured	(c)	324,161	316,196
		<b>382,366</b>	365,571
Less: Impairment	(b) & (c)	(381,087)	(365,571)
		<b>1,279</b>	-
		<b>95,197</b>	99,403

## Notes to the Consolidated Financial Statements

31 December 2025

### 18. Interests in associates (continued)

Particulars of the Group's associates as at 31 December 2025 are as follows:

Name of company	Place and date of incorporation/ establishment	Issued ordinary share/ registered capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
Greenway Mining Group Limited ("GMG")	Cayman Islands 30 November 2009	HK\$45,372	-	23.99%	Mining, ore processing and sale of lead-silver concentrates and zinc-silver concentrates
Dushan Jinmeng Manganese Industry Co., Ltd. ("Dushan Jinmeng")	PRC 19 July 2001	RMB758,657,900	-	33.00%	Manganese ferroalloy production and processing and trading of manganese ferroalloy and related raw materials
Qingdao Manganese 青島錳系	PRC 19 January 2021	RMB109,500,000	-	68.49% (note a)	Trading of nonferrous metals and investment
Beibu Gulf (Guangxi) Mercantile Exchange Limited Company 北部灣(廣西)大宗商品交易有限公司	PRC 19 May 2022	RMB50,000,000	-	20.00%	Provision of a commodities trading platform
Beibu Gulf Canal (Guangxi) Industrial Limited Company 北部灣運河(廣西)實業有限公司	PRC 30 December 2022	RMB100,000,000	-	49.00%	Investing, import and export of goods, trade agency, and online trading

The Group's interests in the associates represent equity interests held by wholly-owned subsidiaries of the Company.

Notes:

- (a) As at 31 December 2024, the Group had contributed HK\$80,993,000 (equivalent to RMB75,000,000) to a limited partnership Qingdao Manganese established in the PRC, which represented 16.00% of its issued capital and 14.82% of its registered capital. The Group retains significant influence over this investment as the Group obtained one seat out of seven in its management committee, this investment is accounted for as an associate under the equity method.

On 27 March 2025, upon the agreement of all shareholders, one of the shareholders with 6.21% equity interest in Qindao Manganese withdrew from this partnership (the "First Withdrawal") and the equity interest held by the Group in Qindao Manganese increased from 16.00% to 17.05%. After the First Withdrawal, the Group retained significant influence over this investment as the Group obtained one seat out of three in its management committee, this investment continued to account for as an associate under the equity method.

On 30 June 2025, upon the agreement of all shareholders, another shareholder with 75.10% equity interest in Qindao Manganese withdrew from this partnership (the "Second Withdrawal") and the equity interest held by the Group in Qindao Manganese further increased from 17.05% to 68.49%. After the Second Withdrawal, the Group retained significant influence over this investment as the Group obtained one seat out of three in its management committee, this investment continued to account for as an associate under the equity method.

- (b) As at 31 December 2025 and 2024, the unsecured amounts due from associates were repayable either on demand or within one year. Except for the loans to subsidiaries of GMG of HK\$51,437,000 (2024: HK\$42,773,000) which carried interest at 8% (2024: 8%) per annum, the remaining balance represented other receivable due from Dushan Jinmeng which was non-interest bearing.

As at 31 December 2025, ECL allowances of HK\$50,158,000 and HK\$6,768,000 (2024: HK\$42,773,000 and HK\$6,602,000) were recognised in respect of unsecured amounts due from GMG and Dushan Jinmeng.

- (c) At 31 December 2025, the secured amount due from an associate, Dushan Jinmeng was repayable on demand. The amount was arising from the settlement of the guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jinmeng. According to the relevant PRC laws, the Group as a guarantor, after assuming the guarantee liability, is entitled to seek recompensation from Dushan Jinmeng and the amount due from Dushan Jinmeng was pledged by Dushan Jinmeng's leasehold land and certain of its property, plant and equipment. The Group can exercise this right over the charge if Dushan Jinmeng does not repay the amount on or before 19 May 2027.

At 31 December 2025, an ECL allowance of HK\$324,161,000 (2024: HK\$316,196,000) was recognised in respect of the secured amount due from Dushan Jinmeng.

## Notes to the Consolidated Financial Statements

31 December 2025

### 19. Deferred tax

The movements in deferred tax assets and liabilities of the Group are as follows:

#### Deferred tax assets

	Note	Impairment of financial assets and others HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 January 2024		44,705	14,778	59,483
Deferred tax credited to profit or loss during the year	11	8,437	18,536	26,973
Exchange realignment		(1,083)	(594)	(1,677)
At 31 December 2024 and 1 January 2025		<b>52,059</b>	<b>32,720</b>	<b>84,779</b>
Deferred tax credited to profit or loss during the year	11	<b>2,483</b>	–	<b>2,483</b>
Exchange realignment		<b>1,371</b>	<b>798</b>	<b>2,169</b>
At 31 December 2025		<b>55,913</b>	<b>33,518</b>	<b>89,431</b>

#### Deferred tax liabilities

	Note	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Withholding taxes HK\$'000	Fair value adjustments on investment properties HK\$'000	Depreciation allowance in excess of related depreciation and others HK\$'000	Total HK\$'000
At 1 January 2024		70,966	33,652	8,384	133,415	246,417
Deferred tax charged/(credited) to profit or loss during the year	11	108	48,795	2,144	(27,896)	23,151
Exchange realignment		(1,520)	–	(212)	(2,436)	(4,168)
At 31 December 2024 and 1 January 2025		<b>69,554</b>	<b>82,447</b>	<b>10,316</b>	<b>103,083</b>	<b>265,400</b>
Deferred tax credited to profit or loss during the year	11	<b>(1,683)</b>	<b>(39,807)</b>	<b>(1,519)</b>	<b>(10,507)</b>	<b>(53,516)</b>
Exchange realignment		<b>1,697</b>	–	<b>240</b>	<b>2,490</b>	<b>4,427</b>
At 31 December 2025		<b>69,568</b>	<b>42,640</b>	<b>9,037</b>	<b>95,066</b>	<b>216,311</b>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the current applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

## Notes to the Consolidated Financial Statements

31 December 2025

### 19. Deferred tax (continued)

#### Deferred tax liabilities (continued)

At the end of the reporting period, deferred tax has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	45,065	40,962
Net deferred tax liabilities recognised in the consolidated statement of financial position	(171,945)	(221,583)
	<b>(126,880)</b>	(180,621)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognised in respect of the following items:

	2025 HK\$'000	2024 HK\$'000
Unused tax losses	2,292,739	2,142,195
Deductible temporary differences	133,959	130,668
	<b>2,426,698</b>	2,272,863

The Group has estimated unused tax losses arising in Hong Kong of HK\$701,502,000 (2024: HK\$689,914,000) that are available indefinitely for offsetting against future taxable profits of the respective companies the losses relate to.

The Group also has unused tax losses arising in Mainland China of HK\$1,591,237,000 (2024: HK\$1,452,281,000) that will expire within five to ten years for offsetting against future taxable profits of the respective companies the losses relate to.

Deferred tax assets have not been recognised in respect of these losses, which are subject to the agreement with the tax authorities, due to the unpredictability of future profit streams.

### 20. Inventories

	2025 HK\$'000	2024 HK\$'000
Raw materials	374,027	468,450
Work in progress	26,043	37,553
Finished goods	374,323	596,331
	<b>774,393</b>	1,102,334
Less: Inventory provision	(93,168)	(101,627)
	<b>681,225</b>	1,000,707

## Notes to the Consolidated Financial Statements

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### 21. Trade and notes receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	666,887	847,879
Less: Impairment	(266,781)	(269,719)
	<b>400,106</b>	578,160
Notes receivable	<b>472,672</b>	369,006
	<b>872,778</b>	947,166

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one to three months from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.

Except for trade receivables of HK\$231,966,000 (2024: HK\$231,966,000) with a provision of HK\$231,966,000 (2024: HK\$231,966,000) due from a single customer and its subsidiaries, the remaining trade receivables relate to a large number of diversified customers.

As at 31 December 2025, no trade and notes receivables (2024: trade and notes receivables with a carrying amount of HK\$44,115,000) were pledged to bank loans as set out in note 26 to the consolidated financial statements.

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

	2025 HK\$'000	2024 HK\$'000
Within one month	234,373	253,245
One to two months	77,138	149,377
Two to three months	24,827	80,613
Over three months	63,768	94,925
	<b>400,106</b>	578,160

Notes receivables represent bank acceptance notes issued by banks in Mainland China maturing before June 2026 (2024: June 2025). The Group classifies the notes receivable as financial assets at FVTOCI due to the Group's intention to holding notes receivables to maturity, endorsing or discounting during its daily treasury management.

## Notes to the Consolidated Financial Statements

31 December 2025

### 21. Trade and notes receivables (continued)

#### Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain notes receivable accepted by banks in Mainland China (the “Derecognised Notes”) to certain of its suppliers in order to settle mainly the trade payables due to such suppliers with a carrying amount in aggregate of RMB764,983,000 (equivalent to HK\$846,913,000) (2024: RMB725,708,000, equivalent to HK\$783,692,000). The Derecognised Notes had a maturity of one to six months (2024: one to six months) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes are equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. 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.

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

	Note	2025 HK\$'000	2024 HK\$'000
At beginning of year		269,719	267,877
(Reversals of)/impairment loss for the year, net	8	(3,748)	5,238
Amount written off as uncollectible		–	(2,704)
Exchange realignment		810	(692)
At end of year		266,781	269,719

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL for trade receivables. The provision rates are based on ageing information for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

#### As at 31 December 2025

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	1.7%	12.7%	33.2%	99.9%	40.0%
Gross carrying amount (HK\$'000)	371,350	38,688	1,220	255,629	666,887
Expected credit losses (HK\$'000)	6,168	4,901	405	255,307	266,781

## Notes to the Consolidated Financial Statements

31 December 2025

### 21. Trade and notes receivables (continued)

As at 31 December 2024

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.7%	5.4%	48.9%	99.8%	31.8%
Gross carrying amount (HK\$'000)	586,259	4,176	6,655	250,789	847,879
Expected credit losses (HK\$'000)	16,038	224	3,254	250,203	269,719

The carrying amounts of the Group's trade and notes receivables are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	869,683	858,039
USD	3,095	89,127
	<b>872,778</b>	947,166

### 22. Prepayments, other receivables and other assets

Non-current portion

	2025 HK\$'000	2024 HK\$'000
Prepayments	102,720	98,620
Deposits	38,840	15,554
	<b>141,560</b>	114,174

Current portion

	2025 HK\$'000	2024 HK\$'000
Prepayments	632,780	915,905
Deposits and other receivables	371,142	324,135
	<b>1,003,922</b>	1,240,040
Less: Impairment	(242,017)	(177,910)
	<b>761,905</b>	1,062,130

## Notes to the Consolidated Financial Statements

31 December 2025

### 22. Prepayments, other receivables and other assets (continued)

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. An impairment analysis is performed at each reporting date by considering the probability of default. ECL are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. Except for certain receivables for which the counterparty failed to make demanded payment within the credit term and the Group has made provision (“default receivables”) of HK\$242,017,000 (2024: HK\$177,910,000), the other balances are normally settled within the credit term with no historical default and past due amounts. Except for the default receivables, the Group estimated that the expected credit loss rate for the other receivables is minimal.

As at 31 December 2025, prepayments comprise advances made to suppliers for the purchase of goods which are mainly attributed to other business segment.

The details of impairment losses on prepayments, other receivables and other assets recognised to profit or loss are disclosed in note 8 to the consolidated financial statements.

### 23. Cash and cash equivalents, pledged deposits and restricted deposits

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	1,701,576	712,585
Less: Restricted deposits in relation to litigations	(35,840)	(27,835)
Less: Pledged deposits		
– Pledged for notes payables (note 24)	(473,541)	(232,094)
– Pledged for bank borrowings (note 26(a))	(385,199)	(50,327)
	(858,740)	(282,421)
Cash and cash equivalents as stated in the consolidated statement of financial position	806,996	402,329
Cash and cash equivalents as stated in the consolidated statement of cash flows	806,996	402,329

As at 31 December 2025, cash and bank balances of the Group denominated in RMB amounting to HK\$1,541,069,000 (2024: HK\$655,587,000) were deposited in Mainland China. The RMB is not freely convertible in the PRC into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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.

## Notes to the Consolidated Financial Statements

31 December 2025

### 24. Trade and notes payables

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date or note issuance date, is as follows:

	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one month	<b>477,826</b>	501,529
One to two months	<b>67,355</b>	118,681
Two to three months	<b>64,130</b>	1,288
Over three months	<b>673,278</b>	586,402
	<b>1,282,589</b>	1,207,900

The trade payables are non-interest-bearing and are normally settled on 60-day terms. Certain note payables were secured by pledged deposits as set out in note 23 to the consolidated financial statements.

The carrying amounts of the Group's trade and notes payables are denominated in the following currencies:

	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
RMB	<b>1,107,660</b>	978,519
USD	<b>174,929</b>	229,381
	<b>1,282,589</b>	1,207,900

### 25. Other payables and accruals

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Contract liabilities	(a)	<b>231,127</b>	367,036
Other payables		<b>778,867</b>	554,399
Accruals		<b>250,029</b>	291,788
		<b>1,260,023</b>	1,213,223

## Notes to the Consolidated Financial Statements

31 December 2025

### 25. Other payables and accruals (continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
<i>Short-term advances received from customers</i>			
Sale of goods (note 6(a))	231,127	367,036	390,459

Contract liabilities represent short-term advances received to deliver products.

### 26. Interest-bearing bank and other borrowings

	Effective Interest Rate (%)	2025		Effective Interest Rate (%)	2024	
		Maturity	HK\$'000		Maturity	HK\$'000
<b>Current</b>						
Lease liabilities (note 16(b))	3.99-5.61	2026	168,984	3.09-5.80	2025	210,108
Bank loans – secured (note (a))	0.96-8.25	2026	926,256	3.51-8.25	2025	201,415
Bank loans – unsecured	2.70-4.50	2026	1,296,525	1.05-4.50	2025	2,035,265
Current portion of long-term bank loans – secured (note (a))	4.00-6.30	2026	243,783	4.00-6.30	2025	214,036
Current portion of long-term bank loans – unsecured	3.30-4.50	2026	199,725	4.15-4.50	2025	249,252
Other borrowings – unsecured	8.00	2026	16,608	N/A	N/A	–
			2,851,881			2,910,076
<b>Non-current</b>						
Lease liabilities (note 16(b))	3.99-5.61	2027-2029	147,583	3.09-5.42	2026-2028	216,206
Long-term bank loans – secured (note (a))	4.00-6.30	2027	226,623	4.00-6.30	2027	458,957
Long-term bank loans – unsecured	4.30-4.70	2027-2028	419,535	3.70-4.50	2026-2027	360,341
			793,741			1,035,504
			3,645,622			3,945,580

## Notes to the Consolidated Financial Statements

31 December 2025

### 26. Interest-bearing bank and other borrowings (continued)

	2025 HK\$'000	2024 HK\$'000
<b>Analysed into:</b>		
<i>By nature</i>		
Fixed rate bank loans and other borrowings	3,329,055	3,292,811
Variable rate bank loans	–	226,455
Lease liabilities – sales and leaseback arrangements (note (a))	315,116	424,642
Lease liabilities	1,451	1,672
	<b>3,645,622</b>	3,945,580
<i>By maturity</i>		
Bank loans and other borrowings repayable:		
Within one year or on demand	2,682,897	2,699,968
In the second year	535,450	48,488
In the third to fifth years, inclusive	110,708	770,810
	<b>3,329,055</b>	3,519,266
Lease liabilities:		
Within one year	168,984	210,108
In the second year	90,631	180,849
In the third to fifth years, inclusive	56,952	35,357
	<b>316,567</b>	426,314
	<b>3,645,622</b>	3,945,580

Note:

- (a) The lease liabilities under sales and leaseback arrangements and secured bank loans were secured by certain of the Group's assets with the following carrying values:

	Note	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	14	976,824	744,600
Leasehold land	16	78,878	79,556
Trade receivables	21	–	44,115
Pledged deposits	23	385,199	50,327
		<b>1,440,901</b>	918,598

- (b) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
RMB	3,644,171	3,944,082
USD	235	429
HK\$	1,216	1,069
	<b>3,645,622</b>	3,945,580

The Group has not breached the financial covenants of any interest-bearing borrowings including debt-asset ratio and current ratio for the years ended 31 December 2025 and 2024. Further details of the covenants and the Group's management of liquidity risk are set out in note 38 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

31 December 2025

### 27. Other long-term liabilities

	2025 HK\$'000	2024 HK\$'000
Rehabilitation liabilities (note)	76,121	69,991
Other payables	35,081	57,051
	<b>111,202</b>	127,042

Note:

The movements of rehabilitation liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	69,991	55,947
Increase in provisions	3,109	3,174
Reassessment of timing of settlement	–	9,655
Increase in discounted amounts arising from the passage of time (note 7)	3,122	2,449
Payments during the year	(1,582)	–
Exchange realignment	1,481	(1,234)
At 31 December	<b>76,121</b>	69,991

The balance represents the provisions for rehabilitation estimated by management of the restoration costs to be incurred on mine closures. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

### 28. Deferred income

	2025 HK\$'000	2024 HK\$'000
At 1 January	42,867	45,036
Additions	16,473	7,963
Amortised during the year	(10,681)	(9,188)
Exchange realignment	1,156	(944)
At 31 December	<b>49,815</b>	42,867

Deferred income represents the receipt of government grants for constructions of certain equipment, which has been recognised as a non-current liability on the consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

## Notes to the Consolidated Financial Statements

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### 29. Issued capital Shares

	2025 HK\$'000	2024 HK\$'000
Issued and fully paid:		
4,936,980,960 (2024: 3,428,459,000) ordinary shares of HK\$0.10 each	<b>493,698</b>	342,846

A summary of the movements in the issued share capital of the Company is as follows:

	Notes	Number of shares issued	Nominal value of shares issued HK\$
At 1 January 2024, 31 December 2024 and 1 January 2025		3,428,459,000	342,845,900
Shares issued	(a), (b)	1,508,521,960	150,852,196
At 31 December 2025		4,936,980,960	493,698,096

Notes:

- (a) On 11 April 2025, the Company and Prudential Brokerage Limited (the "Placing Agent") entered into a placing agreement in respect of the placing of 685,691,800 ordinary shares at a price of HK\$0.21 per share under general mandate (the "First Placing"). The First Placing was completed on 2 May 2025. The net proceeds from the First Placing, after deduction of the commission and other expenses, amounted to approximately HK\$140.97 million. Details of the First Placing were disclosed in announcements of the Company dated 11 April 2025 and 2 May 2025.
- (b) On 8 July 2025, the Company and the Placing Agent entered into a placing agreement in respect of the placing of 822,830,160 ordinary shares at a price of HK\$0.224 per share under general mandate (the "Second Placing"). The Second Placing was completed on 28 July 2025. The net proceeds from the Second Placing, after deduction of the commission and other expenses, amounted to approximately HK\$180.44 million. Details of the Second Placing were disclosed in announcements of the Company dated 8 July 2025, 15 July 2025 and 28 July 2025.

There was no movement in the Company's issued capital during the year ended 31 December 2024.

## Notes to the Consolidated Financial Statements

31 December 2025

### 30. Reserves

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity on pages 100 to 101 of the consolidated financial statements.

	Note	2025 HK\$'000	2024 HK\$'000
Share premium		170,729	–
Contributed surplus		2,461,249	2,461,249
Fair value reserve of financial assets at FVTOCI		(606)	(591)
Reserve funds	(a), (b)	322,277	313,958
Exchange fluctuation reserve		(149,416)	(219,970)
Capital redemption reserve		312	312
Investment related reserve		2,051	2,051
Accumulated losses		(379,499)	(538,245)
		<b>2,427,097</b>	2,018,764

Note:

- (a) In accordance with the Company Law of the PRC, each of the subsidiaries of the Company that was registered in the PRC is required to:
- (i) appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with PRC generally accepted accounting principles, to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses, or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital; and
  - (ii) pursuant to the relevant regulation in the PRC, provide for the safety fund based on the volume of ore excavated and the turnover of ferroalloy in prior years. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.
- (b) A subsidiary of the Company registered in Gabon maintains re-investment fund and assets replacement fund, which are allocated from retained profits in accordance with the Mining Code of Gabon. These funds are designated mainly for future capital expenditures of its mining operations.

## Notes to the Consolidated Financial Statements

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### 31. Partly-owned subsidiaries with material non-controlling interests

The following table shows information on the subsidiaries that have non-controlling interests (“NCI”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Huazhou BVI and its subsidiaries		South Manganese Shanghai and its subsidiary		Zunyi Company and its subsidiaries*
	2025 HK'000	2024 HK'000	2025 HK'000	2024 HK'000	2025 HK'000
Percentage of equity interest held by non-controlling interests:	40%	40%	30%	30%	36%
Profit/(loss) for the year allocated to non-controlling interests	12,961	47,178	7,382	(114,682)	(39,371)
Net assets/(liabilities) attributable to non-controlling interests at the reporting date	36,401	32,411	(195,814)	(203,196)	(70,334)
<b>Summarised financial information:</b>					
Revenue, other income and gains	911,503	819,314	223,292	4,853,305	130,810
Total expenses	885,214	730,299	198,685	5,235,578	240,170
Profit/(loss) for the year	26,289	89,015	24,607	(382,273)	(109,360)
Total comprehensive income for the year	26,289	89,015	24,607	(382,273)	(109,360)
Current assets	505,133	674,479	212,663	557,292	22,662
Non-current assets	88,386	100,414	139	523	433,216
Current liabilities	673,703	838,464	686,217	1,036,644	739,466
Non-current liabilities	17,629	61,249	3,772	13,669	43,933
Net cash flows from/(used in) operating activities	34,306	35,174	3,923	(8,797)	(2,215)
Net cash flows from/(used in) investing activities	(1,756)	54,630	279	(31)	(7,648)
Net cash flows from/(used in) financing activities	11,791	–	–	–	10,212
Net increase/(decrease) in cash and cash equivalents	44,341	89,804	4,202	(8,828)	349

\* The directors of the Company consider this non-wholly owned subsidiary of the Group does not have material non-controlling interest and accordingly no summarised financial information in respect of the subsidiary has been presented for the year ended 31 December 2024.

### 32. Contingent liabilities

Certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to breach of sales contracts and employment dispute. The directors of the Company after due consideration of each cases and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except for certain bank deposits were restricted as set out in note 23 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

31 December 2025

### 33. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of:		
– Acquisition of items of property, plant and equipment	505,727	125,362
– Capital contribution payable	90,450	32,073
	<b>596,177</b>	157,435

### 34. Related party transactions

Guangxi Dameng, a shareholder of the Company, exercises significant influence over the Group. Therefore, Guangxi Dameng and its subsidiaries are considered to be related parties of the Group.

- (a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	Notes	2025 HK\$'000	2024 HK\$'000
Sales of finished goods to associates	(i)	549,645	194,860
Sales of finished goods to Guangxi Dameng	(ii)	232,322	–
Purchases of finished goods from an associate	(i)	5,876	71,846
Purchases of finished goods from Guangxi Dameng	(ii)	248,581	6,383
Purchases of equipment from a subsidiary of Guangxi Dameng	(ii)	–	5,317
Contractual compensation paid to an associate	(iii)	–	66,298
Management fees paid to a subsidiary of Guangxi Dameng	(iv)	1,159	1,044
Maximum balance of loans to an associate	(v)	58,206	42,773

Notes:

- (i) These sales and purchases were made at prices based on the mutual agreements between the parties.
- (ii) These sales and purchases were made at prices based on the mutual agreements between the parties.
- (iii) The compensation was paid for the non-performance of manganese ore procurement contracts, as detailed in note 8 to the consolidated financial statements.
- (iv) The management fees paid was based on the mutual agreement between the parties.
- (v) The loans to an associate carried interest at 8% (2024: 8%) per annum, as further detailed in note 18 to the consolidated financial statements.

The related party transactions for the year ended 31 December 2025 disclosed above, note (ii), also constitutes connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## Notes to the Consolidated Financial Statements

31 December 2025

### 34. Related party transactions (continued)

(b) Outstanding balances with related parties

	Notes	2025 HK\$'000	2024 HK\$'000
Due from related companies			
Trade receivables	(i)	12,707	–
Due to related companies			
Trade payables	(i)	2,338	5,152
Due from associates, net of impairment	18	1,279	–
Trade payables to associates	(ii)	40,887	32,116
Receipts in advance from associates	(ii)	66,603	64,794

Notes:

- (i) Trade receivables due from and trade payables due to the Group's related companies pertain to goods provided in the ordinary course of business. The amounts are unsecured and non-interest-bearing.
- (ii) These payables and advances pertain to goods to be provided to the associates in the ordinary course of business. The amounts are unsecured and non-interest-bearing.

(c) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	17,015	9,341
Bonuses	4,164	5,242
Pension scheme contributions	642	454
Total compensation paid to key management personnel	21,821	15,037

Further details of directors' and the chief executive's emoluments are included in note 9.

## Notes to the Consolidated Financial Statements

31 December 2025

### 35. Notes to the consolidated statement of cash flows

(a) Changes in assets/liabilities arising from financing activities

#### 2025

	<b>Pledged deposits HK\$'000</b>	<b>Interest payables HK\$'000</b>	<b>Bank and other loans HK\$'000</b>	<b>Lease liabilities HK\$'000</b>
At 1 January 2025	282,421	26,571	3,519,266	426,314
Changes from financing cash flows	561,751	(137,481)	(274,683)	(138,898)
New leases	–	–	–	3,605
Foreign exchange movement	14,568	3,775	84,472	9,123
Interest expense	–	135,938	–	16,423
At 31 December 2025	858,740	28,803	3,329,055	316,567

#### 2024

	<b>Pledged deposits HK\$'000</b>	<b>Interest payables HK\$'000</b>	<b>Bank and other loans HK\$'000</b>	<b>Lease liabilities HK\$'000</b>
At 1 January 2024	289,175	90,005	4,892,608	228,009
Changes from financing cash flows	(570)	(183,871)	(1,289,900)	183,324
New leases	–	–	–	1,948
Foreign exchange movement	(6,184)	(991)	(83,442)	(7,916)
Interest expense	–	121,428	–	20,949
At 31 December 2024	282,421	26,571	3,519,266	426,314

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	<b>2025 HK\$'000</b>	<b>2024 HK\$'000</b>
Within operating activities	(2,250)	(7,586)
Within investing activities	(1,343)	(59,092)
Within financing activities	(236,139)	(255,196)
	<b>(239,732)</b>	<b>(321,874)</b>

## Notes to the Consolidated Financial Statements

31 December 2025

### 36. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

#### Financial assets

	<b>Financial assets at fair value through other comprehensive income HK\$'000</b>	<b>Financial assets at amortised cost HK\$'000</b>	<b>Total HK\$'000</b>
Trade and notes receivables	472,672	400,106	872,778
Prepayments, other receivables and other assets	–	103,169	103,169
Due from related companies	–	12,707	12,707
Restricted deposits	–	35,840	35,840
Pledged deposits	–	858,740	858,740
Cash and cash equivalents	–	806,996	806,996
	<b>472,672</b>	<b>2,217,558</b>	<b>2,690,230</b>

#### Financial liabilities

	<b>Financial liabilities at amortised cost HK\$'000</b>
Trade and notes payables	1,282,589
Other payables and accruals	813,234
Interest-bearing bank and other borrowings	3,644,171
Due to related companies	2,338
Other long-term liabilities	35,081
	<b>5,777,413</b>

## Notes to the Consolidated Financial Statements

31 December 2025

### 36. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

**2024**

#### Financial assets

	<b>Financial assets at fair value through other comprehensive income HK\$'000</b>	<b>Financial assets at amortised cost HK\$'000</b>	<b>Total HK\$'000</b>
Trade and notes receivables	369,006	578,160	947,166
Prepayments, other receivables and other assets	–	131,637	131,637
Restricted deposits	–	27,835	27,835
Pledged deposits	–	282,421	282,421
Cash and cash equivalents	–	402,329	402,329
	369,006	1,422,382	1,791,388

#### Financial liabilities

	<b>Financial liabilities at amortised cost HK\$'000</b>
Trade and notes payables	1,207,900
Other payables and accruals	588,813
Interest-bearing bank and other borrowings	3,943,908
Due to related companies	5,152
Other long-term liabilities	50,536
	5,796,309

## Notes to the Consolidated Financial Statements

31 December 2025

### 37. Fair value and fair value hierarchy of financial instruments

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

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 fair values of notes receivable measured at FVTOCI has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Financial instruments measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
As at 31 December 2025				
Assets:				
Notes receivable	-	472,672	-	472,672
As at 31 December 2024				
Assets:				
Notes receivable	-	369,006	-	369,006

During the year, there were no transfers of fair value measurement between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities (2024: Same).

Except as disclosed above, management has assessed that the fair values of the Group's financial instruments approximate to their carrying amounts.

## Notes to the Consolidated Financial Statements

31 December 2025

### 38. Financial risk management objectives and policies

The Group's principal financial instruments comprise financial liabilities which are mainly interest-bearing bank and other borrowings, and financial assets which are mainly cash and short-term bank deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade and notes receivables and trade and notes payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The Group's income and operating cash flows are not substantially affected by changes in market interest rates. In addition, the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents, and interest-bearing bank and other borrowings. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to manage its interest expenses using a mix of fixed and floating rate debts. To manage this mix in a cost-effective manner, the Group may consider to enter into an interest rate swap contract, in which the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. The swap contract is designated to hedge against the interest rate exposure of the underlying debt obligations. Management will closely monitor interest rate exposure and consider hedging significant interest rate risk should the need arise.

The effective interest rates and terms of repayment of the bank and other borrowings of the Group are set out in note 26.

Management considers that the Group's exposure to future cash flow risk on variable-rate bank deposits as a result of the change of market interest rate is insignificant and thus variable-rate bank deposits are not included in the sensitivity analysis.

A 100 basis point change is used which represents management's assessment of the reasonably possible change in interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

At 31 December 2025, the Group's interest-bearing bank and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2024, if RMB interest rate had been 100 basis points higher with all other variables held constant, the Group's loss before tax for the year would have been HK\$5,432,000 higher, arising mainly as a result of higher interest expense on interest-bearing bank and other borrowings. If RMB interest rate had been 100 basis points lower, with all other variables held constant, the Group's loss after tax for the year would have been HK\$5,432,000 lower, arising mainly as a result of lower interest expense on interest-bearing bank and other borrowings.

## 38. Financial risk management objectives and policies (continued)

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HK\$. The Group is exposed to foreign currency risk mainly arising from the exposure of HK\$ against RMB.

The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The Group has transactional currency exposures. Such exposures arise from the sales or purchases by operating units in currencies other than the units' functional currencies. The Group assesses the respective exposures of each of its operating units.

The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of the hedged item to maximise the effectiveness of the hedge.

As at 31 December 2025, if HK\$ had weakened/strengthened by 10% against the RMB with all other variables held constant, the Group's profit before tax for the year would have been HK\$183,000 (2024: HK\$107,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of bank deposits denominated in RMB.

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group will request credit enhancements from customers and implement other necessary measures to contain the risk if payments were default.

### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group'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 the Consolidated Financial Statements

31 December 2025

### 38. Financial risk management objectives and policies (continued)

Credit risk (continued)

#### Maximum exposure and year-end staging (continued)

As at 31 December 2025

	12-month ECL	Lifetime ECL			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	666,887	666,887
Notes receivables**	472,672	–	–	–	472,672
Financial assets included in prepayments, other receivables and other assets***					
– Normal	68,714	–	–	–	68,714
– Loss	–	–	275,571	–	275,571
Amounts due from associates	–	–	382,366	–	382,366
Restricted deposits	35,840	–	–	–	35,840
Pledged deposits	858,740	–	–	–	858,740
Cash and cash equivalents	806,996	–	–	–	806,996
	<b>2,242,962</b>	<b>–</b>	<b>657,937</b>	<b>666,887</b>	<b>3,567,786</b>

As at 31 December 2024

	12-month ECL	Lifetime ECL			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	847,879	847,879
Notes receivables**	369,006	–	–	–	369,006
Financial assets included in prepayments, other receivables and other assets***					
– Normal	100,080	–	–	–	100,080
– Underperforming	–	21,598	–	–	21,598
– Loss	–	–	187,869	–	187,869
Amounts due from associates	–	–	365,571	–	365,571
Restricted deposits	27,835	–	–	–	27,835
Pledged deposits	282,421	–	–	–	282,421
Cash and cash equivalents	402,329	–	–	–	402,329
	<b>1,181,671</b>	<b>21,598</b>	<b>553,440</b>	<b>847,879</b>	<b>2,604,588</b>

**38. Financial risk management objectives and policies (continued)**

## Credit risk (continued)

**Maximum exposure and year-end staging (continued)**

- \* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the consolidated financial statements.
- \*\* For note receivables to which the Group applies the low credit risk simplification, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.
- \*\*\* The credit quality of the financial assets included in prepayment, other receivables and other assets is considered to be “normal” when they are not past due. The credit quality of the financial assets is considered to be “underperforming” when there is information indicating that the financial assets had a significant increase in credit risk since initial recognition. The credit quality of the financial assets is considered to be “loss” when they are credit impaired.

The Group determines the concentration of credit risk by monitoring the locations of its customers. The table below shows an analysis of credit risk exposures of trade and notes receivables which constituted approximately 32% (2024: 52%) of the Group’s total financial assets as at 31 December 2025.

	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
By location:		
Mainland China	<b>867,209</b>	859,386
Asia (excluding Mainland China)	<b>5,569</b>	87,521
Europe	–	259
	<b>872,778</b>	947,166

The Group has concentration of credit risks with exposure limited to certain customers. The Group’s largest debtor and five largest customers contributed approximately 14% and 7% (2024: approximately 15% and 0%) of the trade receivables, net of provision respectively as at 31 December 2025.

## Liquidity risk

In preparing the consolidated financial statements, the directors of the Company after taking into account of internally generated funds from its operations and the successful renewals of the bank loans during the year and after the reporting date as set out in note 2.1 to the consolidated financial statements, are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

The Group’s policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet its working capital requirements and capital expenditure.

As disclosed in note 26 to the consolidated financial statements, certain bank loans are subject to the fulfillments of covenants relating to certain of the Group’s consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2025, the Group was in compliance with these covenants.

## Notes to the Consolidated Financial Statements

31 December 2025

### 38. Financial risk management objectives and policies (continued)

#### Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	<u>2025</u>					Total undiscounted cash flows HK\$'000
	Repayable on demand HK\$'000	Less than three months HK\$'000	Three to less than twelve months HK\$'000	One to five years HK\$'000	More than five years HK\$'000	
	Trade and notes payables	-	1,282,589	-	-	
Financial liabilities included in other payables and accruals	-	813,234	-	-	-	813,234
Bank loans	-	983,676	2,226,226	662,870	-	3,872,772
Lease liabilities	-	43,844	136,032	173,379	-	353,255
Due to related companies	2,338	-	-	-	-	2,338
Other long-term liabilities	-	-	-	34,320	6,864	41,184
	2,338	3,123,343	2,362,258	870,569	6,864	6,365,372

	<u>2024</u>					Total undiscounted cash flows HK\$'000
	Repayable on demand HK\$'000	Less than three months HK\$'000	Three to less than twelve months HK\$'000	One to five years HK\$'000	More than five years HK\$'000	
	Trade and notes payables	-	1,207,900	-	-	
Financial liabilities included in other payables and accruals	-	588,813	-	-	-	588,813
Bank loans	-	679,884	2,055,891	920,240	-	3,656,015
Lease liabilities	-	68,441	154,767	225,655	-	448,863
Due to related companies	5,152	-	-	-	-	5,152
Other long-term liabilities	-	-	-	33,477	42,223	75,700
	5,152	2,545,038	2,210,658	1,179,372	42,223	5,982,443

In addition to the above, the Group is also exposed to liquidity risk within one year from each reporting date. This risk pertains to potential maximum losses and cash outflows that may arise if the issuing banks fail to honour their obligations related to the Group's Derecognised Notes with full recourse. For detailed information, please refer to note 21.

## Notes to the Consolidated Financial Statements

31 December 2025

### 38. Financial risk management objectives and policies (continued)

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group'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 Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a net gearing ratio, which is net debt divided by equity attributable to owners of the Company. Net debt is calculated as the sum of interest-bearing bank and other borrowings, less cash and cash equivalents, restricted deposits and pledged deposits. The net gearing ratios at the end of the reporting periods were as follows:

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Interest-bearing bank and other borrowings	26	3,645,622	3,945,580
Less: Cash and cash equivalents	23	(806,996)	(402,329)
Less: Restricted deposits	23	(35,840)	(27,835)
Less: Pledged deposits	23	(858,740)	(282,421)
Net debt		1,944,046	3,232,995
Equity attributable to owners of the Company		2,920,795	2,361,610
Net gearing ratio		66.6%	136.9%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the financial covenant requirements of loan agreements with external parties as set out in note 26 to the consolidated financial statements.

#### Dividend policy

The Company adopts a dividend policy pursuant to which the Board at its discretion regularly proposes to shareholders for approval of a distribution of dividend, if any, on a semi-annual basis taking into consideration the following factors: (a) the Company's overall results of operation; (b) the Company's financial position; (c) the Company's capital requirements; (d) the Company's shareholders' interests; (e) the Company's future prospects; and (f) other factors that the Board deems relevant. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and the Companies Act, including, inter alia, the approval of the Company's shareholders. In addition, subject to shareholders' approval at general meeting, the Company may also declare special distributions.

## Notes to the Consolidated Financial Statements

31 December 2025

### 39. Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the year is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	107	–
Right-of-use assets	1,148	–
Investment in a subsidiary	–	–
Total non-current assets	1,255	–
<b>CURRENT ASSETS</b>		
Other receivables	1,075	650
Amounts due from subsidiaries	2,290,893	1,982,475
Cash and cash equivalents	1,029	2,307
Total current assets	2,292,997	1,985,432
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	103,857	98,616
Interest-bearing bank and other borrowings	968	–
Total current liabilities	104,825	98,616
<b>NET CURRENT ASSETS</b>	<b>2,188,172</b>	1,886,816
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,189,427</b>	1,886,816
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	248	–
Total non-current liabilities	248	–
<b>NET ASSETS</b>	<b>2,189,179</b>	1,886,816
<b>EQUITY</b>		
Issued capital (note 29)	493,698	342,846
Reserves (note)	1,695,481	1,543,970
<b>TOTAL EQUITY</b>	<b>2,189,179</b>	1,886,816

**Zhang He**  
Director

**Xu Xiang**  
Director

## Notes to the Consolidated Financial Statements

31 December 2025

### 39. Statement of financial position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	–	2,618,617	312	(476,337)	2,142,592
Loss for the year	–	–	–	(598,622)	(598,622)
At 31 December 2024 and 1 January 2025	–	<b>2,618,617</b>	<b>312</b>	<b>(1,074,959)</b>	<b>1,543,970</b>
Loss for the year	–	–	–	<b>(19,218)</b>	<b>(19,218)</b>
Issue of shares	<b>170,729</b>	–	–	–	<b>170,729</b>
At 31 December 2025	<b>170,729</b>	<b>2,618,617</b>	<b>312</b>	<b>(1,094,177)</b>	<b>1,695,481</b>

### 40. Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 March 2026.

# Past Performance and Forward Looking Statements

Performance and results of the operations of the Company for previous years described within this annual report are historical in nature. Past performance is no guarantee of the future results of the Company. This annual report may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of the Company, the Directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this Annual Report; and (b) any liability arising from any forward looking statements or opinions that do not materialise or prove to be incorrect.

# Glossary of Terms

2025 AGM	the annual general meeting of the Company held on Friday, 6 June 2025
2026 AGM	the annual general meeting of the Company to approve, among other matters, the annual results of the Company and its subsidiaries for the year ended 31 December 2025
Alloy Products	silicomanganese alloy and ferromanganese
Audit Committee	audit committee of the Board
Bembélé Concentration Plant	the concentration plant associated with Bembélé Manganese Mine
Bembélé Manganese Mine	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業(加蓬)工貿有限公司), a company in which we indirectly hold 51% equity interest
Board or Board of Directors	our board of Directors
BVI	the British Virgin Islands
Bye-laws	the bye-laws of our Company, as amended from time to time
Changgou Manganese Mine	貴州遵義匯興鐵合金有限責任公司長溝錳礦 (Guizhou Zunyi Hui Xing Ferroalloy Company Limited Changgou Manganese Mine)
China or PRC	the People's Republic of China, but for the purpose of this annual report, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
Chongzuo Base	a production facility owned and operated by Chongzuo Branch that produces and sells trimanganese tetraoxide, lithium manganese oxide and lithium cobalt oxide
Chongzuo Branch	南方錳業集團有限責任公司崇左分公司(South Manganese Group Limited Chongzuo Branch)

## Glossary of Terms

Company or our Company	South Manganese Investment Limited, which is listed on the Stock Exchange (Stock Code: 1091.HK)
Daxin EMD Plant	an EMD production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Daxin Manganese Mine	大新大錳錳業集團有限公司大新錳礦 (Daxin Dameng Manganese Co., Ltd Daxin Manganese Mine)
Daxin Manganese Sulfate Plant	a manganese sulfate production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Director(s)	the director(s) of our Company
Dushan Jinmeng	獨山金孟錳業有限公司 (Dushan Jinmeng Manganese Industry Co., Ltd.), a 33.00% owned associate of the Group
DXML	大新大錳錳業有限公司 (Daxin Dameng Manganese Limited Company)
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
EUR or Euro	euros, the lawful currency of the members of the European Union
Gabon	the Gabonese Republic
GMG	Greenway Mining Group Limited (信盛礦業集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009, which we hold approximately 23.99% shareholding
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	廣西大錳錳業集團有限公司 (Guangxi Dameng Manganese Industry Group Co., Ltd.), a state-owned limited liability company established under the laws of the PRC on 30 July 2001, which is an indirect substantial shareholder of our Company

Guangxi Start	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)
HK\$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Huiyuan Manganese	廣西滙元錳業有限公司 (Guangxi Huiyuan Manganese Industry Co., Ltd)
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
JORC	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
NCM	Lithium Nickel Cobalt Manganese Oxide
Nomination Committee	nomination committee of the Board
Prospectus	the prospectus of the Company dated 8 November 2010
Qingdao Manganese	青島錳系投資合夥企業(有限合夥)(Qingdao Manganese Investment Cooperative Enterprise (Limited Partnership)), a limited partnership in which we indirectly hold 68.49% equity interest as at 31 December 2025
Qinzhou Ferroalloy Plant	the ferroalloy production plant located near Qinzhou port and owned and operated by 欽州大錳新材料有限公司 (Qinzhou Dameng New Materials Co., Ltd.), a company in which we indirectly hold 70% equity interest
Remuneration Committee	remuneration committee of the Board
RMB	Renminbi, the lawful currency of the PRC

## Glossary of Terms

Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	ordinary shares in the share capital of the Company, with a nominal value of HK\$0.10 each
South Manganese Group	南方錳業集團有限責任公司 (South Manganese Group Limited)
Stock Exchange	The Stock Exchange of Hong Kong Limited
substantial shareholder	has the meaning ascribed to it under the Listing Rules
Tiandeng Branch	南方錳業集團有限責任公司天等錳礦分公司 (South Manganese Group Limited Tiandeng Manganese Mine Branch)
Tiandeng Manganese Mine	南方錳業集團有限責任公司天等錳礦 (South Manganese Group Limited Tiandeng Manganese Mine)
tonne	metric tonne
US\$ or USD	United States dollars, the lawful currency of the United States of America
Waifu Manganese Mine	大新大錳錳業集團有限公司外伏錳礦 (Daxin Dameng Manganese Co., Ltd Waifu Manganese Mine)
XAF	Central African CFA franc, the lawful currency of Gabon
Xingyi Ferroalloy Plant	a ferroalloy production plant located in Xingyi, Guizhou, leased and operated by a wholly owned subsidiary of the Group
Zunyi Company	貴州遵義匯興鐵合金有限責任公司 (Guizhou Zunyi Hui Xing Ferroalloy Company Limited)

Note: The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

LUCID WATERS AND LUSH MOUNTAINS ARE INVALUABLE

