



珠峰黄金

MOUNT EVEREST GOLD GROUP COMPANY LIMITED

珠峰黄金集团有限公司 Mount Everest Gold Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1815

ANNUAL REPORT 2025





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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chen He (陳和)
Huang Wen (黃雯)
Qian Pengcheng (錢鵬程)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Qilin
Zhang Zuhui (張祖輝)
Yu Leung Fai (余亮暉)

AUDIT COMMITTEE

Yu Leung Fai (*Chairman*)
Hu Qilin
Zhang Zuhui

REMUNERATION COMMITTEE

Zhang Zuhui (*Chairman*)
Hu Qilin
Yu Leung Fai

NOMINATION COMMITTEE

Chen He (*Chairman*)
Huang Wen (Appointed as a member on 24 March 2026)
Hu Qilin (Appointed as a member on 24 March 2026)
Yu Leung Fai
Zhang Zuhui

COMPANY SECRETARY

Yip Chun Ming, Alex (葉峻銘)

AUTHORISED REPRESENTATIVES

Chen He
Yip Chun Ming, Alex

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
Cayman Islands

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
Cayman Islands

CORPORATE INFORMATION



HEADQUARTERS IN THE PRC

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Shuibe Jewelry Headquarters Building
No.3008 Buxin Road, Dushu Community
Dongxiao Subdistrict, Luohu District
Shenzhen, Guangdong, the PRC

LEGAL ADVISORS

Hong Kong law:

Sullivan & Cromwell (Hong Kong) LLP

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5, 17/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

COMPANY'S WEBSITE

www.everestgold.hk

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
1815

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.
Industrial Bank Co., Ltd.

AUDITOR

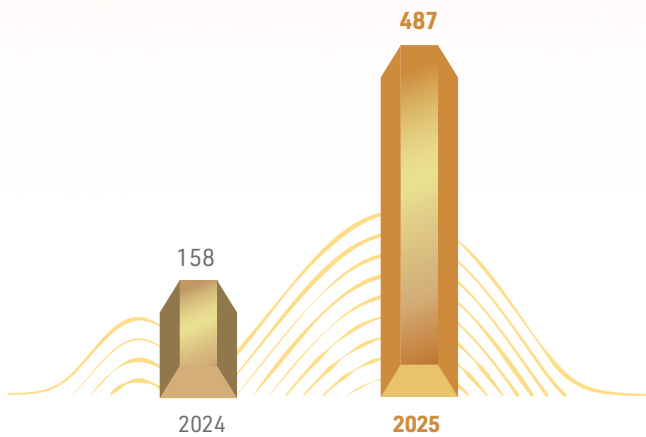
Linkfield CPA Limited
Registered Public Interest Entity Auditors
(Appointed on 19 January 2023)

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
(Resigned on 19 January 2023)

FINANCIAL HIGHLIGHTS

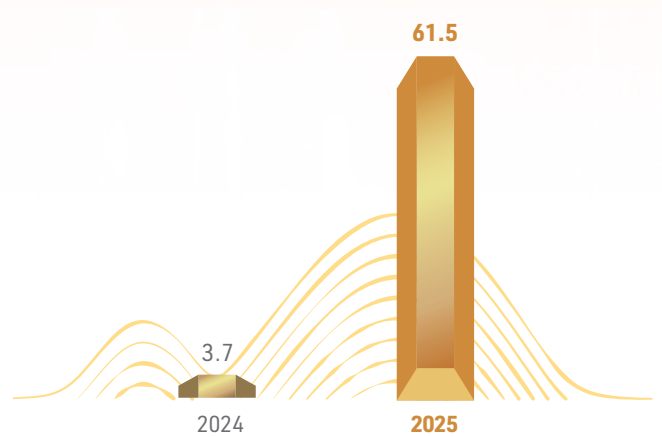
Revenue from continuing operation

RMB million



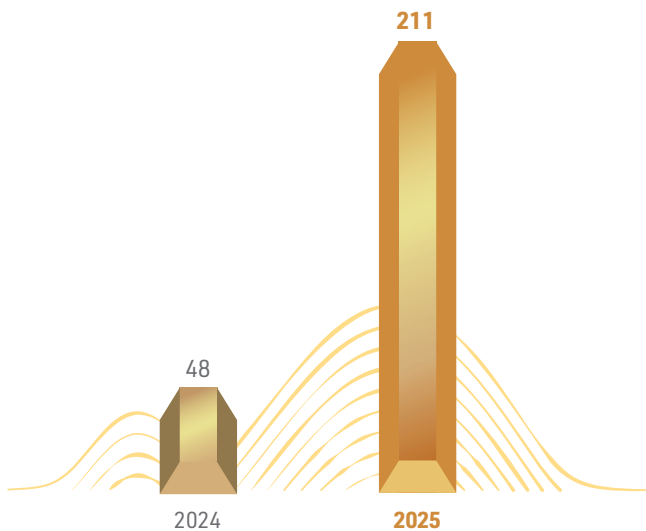
Profit attributable to owners of the Company from continuing operation

RMB million



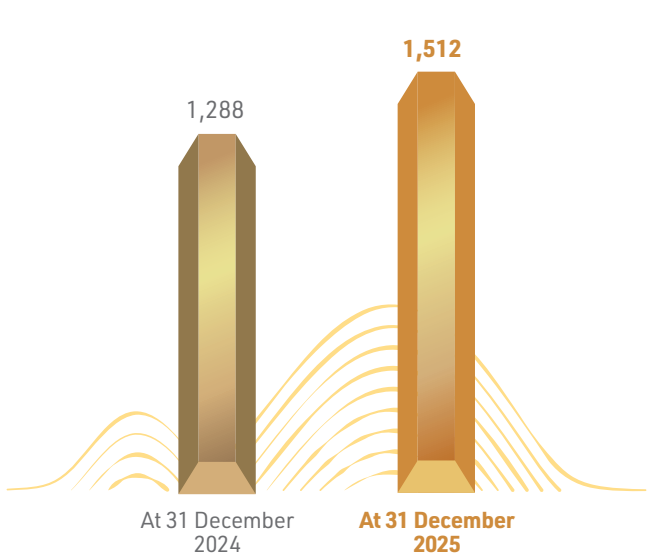
Gross Profit

RMB million



Net Assets

RMB million



OUR MILESTONES



SELECTED BRANDS AND PRODUCTS



SELECTED BRANDS AND PRODUCTS



CHAIRMAN'S STATEMENT



Dear shareholders,

On behalf of Mount Everest Gold Group Company Limited (the “**Company**”), I am pleased to present the annual results of the Company and its subsidiaries (collectively the “**Group**” or “**we**”) for the financial year ended 31 December 2025 (or the “**current year**”, “**this year**” or “**during the year**”) together with the comparative figures for the year ended 31 December 2024 (or the “**last year**” or “**prior year**”).

BUSINESS REVIEW

For the year ended 31 December 2025, the Group’s total revenue amounted to approximately RMB487.0 million (2024: RMB157.6 million), representing a significant increase of approximately 209.0% as compared to 2024. The increase in revenue was mainly due to a significant increase in the sales volume of gold and silver products. In 2025, the international gold price remained at a high level, and the Group also actively sold existing inventories acquired at relatively low procurement costs, thereby driving a notable improvement in the profit of gold products as compared with previous years. In light of this, the Group further shifted the focus of its sales strategy towards gold products during the year, which led to a substantial overall increase in the sales revenue from gold products during the year and a remarkable rise in their sales proportion from approximately 9.9% in the last year to approximately 50.8% during the year. The net profit attributable to the owners of the Company amounted to approximately RMB102.8 million, representing a significant increase of approximately 543.2% as compared with the net loss attributable to the owners of the Company of approximately RMB23.2 million for last year, marking a strong turnaround from loss to profit.

CHAIRMAN'S STATEMENT



In 2025, against the backdrop of ongoing global geopolitical conflicts, the Federal Reserve's initiation of an interest rate-cutting cycle, massive and sustained gold purchases by central banks in emerging markets worldwide, all of which drove up the price of gold as a safe-haven asset, and inflationary pressures, international gold prices continued to climb and repeatedly hit historical highs. The sharp rally in international gold prices also pushed up global silver prices. Meanwhile, production by major silver-producing countries leveled while industrial demand for silver remained strong, driven by the growth in global solar photovoltaics (PV), new energy, Artificial Intelligence (AI) computing servers and data center sectors.

With the strong upward momentum in gold price, the precious metals market has also entered a phase of prosperous development. In 2025, the Group quickly adjusted its strategy, shifting its strategic focus to gold and formally entered the upstream gold resource sector. This strategic transformation decision significantly enhanced the Group's market competitiveness, and fully demonstrates the Group's strategic foresight.

Following the Group's official renaming to "Mount Everest Gold Group Company Limited", its annual performance improved significantly with outstanding results, representing a substantial increase of approximately 209.0% in revenue as compared with 2024.

CHAIRMAN'S STATEMENT

New Jewellery Retail Segment

The strong upward trend of gold price has not dampened buying enthusiasm, but has instead strengthened investors' confidence in gold's safe-haven and value-preserving functions. As gold price hits new highs, investors are proactively adjusting their asset allocations, channeling funds into gold to diversify risks and seize growth opportunities, hoping to hedge against macro risks and benefit from the potential upward trend. Consequently, market demand for physical gold, especially investment products directly linked to gold prices with lower processing fees, has surged significantly. Driven by this, during the year, the Group saw a significant increase in sales of investment gold bar products characterized by high unit prices and low processing fees. Since most of the gold products sold were inventories with relatively low procurement and/or processing costs and the gold price increased significantly during the year, the revenue and gross profit margin of the sales of gold products increased substantially.



CHAIRMAN'S STATEMENT



As consumption recovers, we will seek further breakthroughs in product research and development and product channels. The Group's management and employees are confident in achieving the Company's performance targets through joint efforts. At the end of March 2025, the management and Board of the Company adopted and approved a share option scheme to boost employees' confidence and encourage eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The Group reduced marketing expenses for the lab-grown diamond brand, SISI, as compared to past years. The lab-grown diamond industry in the PRC started relatively late; at this stage, the penetration rate of lab-grown diamonds in jewellery consumption in the PRC remains low. Currently, public opinions on the outlook of the lab-grown diamond market are still generally based on the logic of substituting natural diamonds, and the market requires a longer period of time to verify this trend. In recent years, the increase in Russia's diamond production capacity has been a major factor leading to the price decline of natural diamonds. Meanwhile, as lab-grown diamond manufacturers in the PRC continue to expand production capacity and upgrade production equipment, the current lab-grown diamond market is in a state of oversupply, resulting in price drops and extreme "internal competition" in respect of retail prices. When cost becomes a key competitive advantage, brands will be forced to further increase their investment. At present, the Group aims to maintain the profitability of its business and sufficient working capital amid macro challenges. The Group will carefully consider the investment and sales strategies for its lab-grown diamond brand SISI. With respect to other gemstones categories, the colored gemstones market has been growing steadily in recent years, yet it is undergoing structural divergence, with significant differences in price trends among gemstones of varying quality, origin and treatment methods. The Group will also consider new sales strategies for its existing ruby inventory.

CHAIRMAN'S STATEMENT

Online Sales Channels

We partnered with third-party online platforms which included television and video shopping channels in the PRC to promote and sell our jewellery products. We also became a core supplier in the gold, silver and jewellery category for all top television channels, which enabled us to achieve satisfactory sales performance. With a daily coverage of over 100 million home viewers in the PRC, our brand awareness among a vast population of Chinese viewers of television and video shopping channels was enhanced substantially.

Short-video promotion and KOL promotion have become standard practices in our brand marketing, and their content has also become the core element of every aspect of our brand marketing, sales and operation.



1 进入SISI商城
点击种钻查询
(Enter "SISI Mall" and
click "Diamond-growing enquiry")

2 点击订单进度
即可查询订单
(Click "Order status"
to enquire about order)

3 输入订单编号
即刻查看订单进度
(Enter order number to
view order status at once)

CHAIRMAN'S STATEMENT



Offline Retail and Service Network

(1) CSmall Shops

In 2025, in light of the Group's evolving business focus, the Group did not further expand its existing store network, and adjusted the layout of offline business outlets. As of 31 December 2025, the Group had two franchised CSmall Shops located in Xinjiang and Zhejiang provinces of the PRC.



CHAIRMAN'S STATEMENT

(2) *Shenzhen Exhibition Hall*

We sell products at the Shenzhen Exhibition Hall in Shuibei, Shenzhen, which is generally regarded as home to the PRC's largest and leading jewellery trading and wholesale market. The Shenzhen Exhibition Hall serves as an interactive exhibition and sales platform primarily for our wholesale customers as well as franchisees.



CHAIRMAN'S STATEMENT



Development of exploration business

Tibet has long been regarded as one of the most resource-rich regions in the PRC, and is particularly renowned for its abundant reserves of copper, gold and other non-ferrous metals. Its superior geological conditions and immense untapped potential have attracted increasing interest from investors at home and abroad, making the region a strategic hub for China's future mineral resources development.

On 21 August 2024, the Group completed the acquisition of 51% equity interest in Jiangxi Letong New Materials Co., Ltd.* (江西樂通新材料有限公司) ("Jiangxi Letong"), which in turn holds 100% equity interests in Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司) ("Tibet Longtianyong"). Tibet Longtianyong holds an exploration license with the right to conduct general exploration on mineral resources in an area of 28.88 km² in Lhoka, Tibet, China ("Lhoka Mine").

As disclosed in the Company's announcement dated 20 January 2025, in January 2025, Tibet Longtianyong received a review opinion issued by the Tibet Review Centre on the general exploration report on Lhoka Mine prepared in respect of the general exploration of the mineral resources in Lhoka Mine conducted in the second half of 2024. According to such general exploration report and review opinion, Tibet Longtianyong discovered certain gold mineralized zones in Lhoka Mine. Such gold ore bodies are estimated to have an inferred ore volume of approximately 2,100,000 tonnes and an inferred metal volume of approximately 5,800 kilograms of gold, with an average gold ore grade of approximately 2.77 grams/tonne. The deposit in this area has enormous potential. It is preliminarily anticipated that Lhoka Mine could reach a prospective metal volume of approximately 20 to 25 tonnes of gold, displaying potential for a large-scale gold mine.



CHAIRMAN'S STATEMENT

As further exploration progressed, the exploration phase of the mineral exploration right was upgraded from “general exploration” to “detailed exploration” in March 2025, as disclosed in the Company's announcement dated 28 March 2025. The area of exploration was also changed to 22.8246 km² from 28.88 km². In March 2025, the Tibet Review Centre further approved the detailed exploration implementation plan (the “**Detailed Exploration Implementation Plan**”) submitted by Tibet Longtianyong in relation to the polymetallic mine at Lhoka Mine for its review. The approval of the Detailed Exploration Implementation Plan marked substantive progress in the Company's transformation into a gold resource enterprise with potential for large-scale gold mine development. According to the Detailed Exploration Implementation Plan, the gold-polymetallic deposit in the Gudui mining area is a typical gold-antimony deposit characterized by the coexistence of gold and antimony. As a key semiconductor material, antimony (Sb) plays an irreplaceable role in the application of semiconductor technologies in cutting-edge fields such as infrared detection, high-efficiency storage, energy utilisation, and quantum computing. Driven by demand for semiconductor materials, antimony prices have remained in a high range over the long term, and revenue from associated antimony is expected to become an important profit growth driver for the project. This also indicates that the Group has taken initial steps to enter the field of core semiconductor materials, and may be positioned to benefit from the ongoing rapid development of technology industries such as semiconductors, new energy, high-efficiency storage, and quantum computing.

On 18 July 2025, the Group and China Silver jointly completed the acquisition of the 55% equity interest in Jiangxi Yiding Trading Co., Ltd. (“**Jiangxi Yiding**”), which in turn holds 100% equity interest in Xizang Shigatse Huaye Mining Development Co., Ltd. (“**Xizang Shigatse**”). Xizang Shigatse holds an exploration license which grants it the right to conduct general exploration on mineral resources within an area of 50.81 km² in Shigatse, Tibet covered under the exploration license (“**Shigatse Mine**”). This mining area is located in the core zone of the Gangdise metallogenic belt. The Gangdise metallogenic belt, situated in south-central Tibet, is a giant metal metallogenic belt formed by the collision of the Indian Plate and the Eurasian Plate on the southern edge of the Qinghai-Tibet Plateau. Geologically, the belt is characterized by intense magmatic activity and tectonic movement, which have led to the formation of abundant polymetallic deposits containing copper, gold, silver, molybdenum, lead and zinc etc. In particular, copper resources are the most prominent and the total copper resource reserves of the belt are comparable to those of the Andes Mountains in South America (the world's largest copper metallogenic belt, accounting for approximately 40% of global copper reserves). The ore bodies are thick, shallowly buried, and of high grade, boasting superior open-pit mining conditions and the associated rich gold and silver resources. The comprehensive value far exceeds that of a single copper mine. As for the exploration direction at the current stage, Xizang Shigatse will focus on the exploration of lead-zinc mines.

As disclosed in the Company's announcement dated 29 December 2025, in December 2025, the Group entered into a cooperation agreement with Zijin Mining Group Southwest Geological Exploration Co., Ltd., a subsidiary of Zijin Mining Group Co., Ltd. (Hong Kong Stock Code: 2899) (“**Zijin Mining**”) and an independent third party of the Company in respect of Lhoka Mine and Shigatse Mine, pursuant to which Zijin Mining was entrusted to provide exploration services, which will provide technical and informational support for the Company's future resource development and potential equity investment in the relevant mining areas.

CHAIRMAN'S STATEMENT

**Fresh Food Retail Segment (classified as discontinued operation)**

On 31 December 2021, the Group entered into an investment agreement for investment and control in Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) (“**Jiangsu Nongmuren**”), which is the developer and operator of the “農牧人” (“**Nongmuren**”, meaning farmers and herdsmen) S2B2C platform. The “Nongmuren” S2B2C platform, officially launched in May 2021, provides branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in China. However, in view of the continued decline in fresh food sales in recent years, together with the weakening viability of the business model, limited growth potential and the presence of a willing buyer, the Group signed an equity transfer agreement with a buyer on 5 November 2024 to dispose of its entire 51% equity interest in Shenzhen Xiansheng, in order for the Group to focus its management’s attention and financial and manpower resources on its core businesses. The disposal was completed on 13 January 2025 and has recorded a gain on disposal of approximately RMB41.2 million for the Group.

PROSPECTS

Looking ahead, the global capital market will focus on the historic breakthrough of the gold market. Gold mining stocks have been rising steadily, accompanied by the historic surge in precious metals. Following the change of the Company’s name from “CSmall” to “Everest Gold”, the Group has officially entered a brand-new “golden age”.

The acquisition of Xizang Shigatse completed during the year has provided the Group with another opportunity on top of the acquisition of Tibet Longtianyong as completed in 2024 to expand its influence in the upstream gold mineral exploration business. Together with the significant progress made in Lhoka Mine, such acquisitions are expected to facilitate the Group’s expansion into upstream mining operations, which confers a greater control over upstream raw material supply that is essential and brings synergy to the core production sector of our new jewellery retail business.

The participation of Zijin Mining also provides technical and information support for the Company’s future resource development and potential equity investment in the relevant mining areas.

The Group will also continue to proceed with in-depth exploration to ensure a more accurate assessment of mineral resources and advancing towards commercial exploitation as soon as practicable.

Through the expansion of its resource reserves, the Group aims to position itself to benefit from favorable market conditions in the gold sector and has made initial progress in this regard. As a scarce gold resource company listed on the Hong Kong Stock Exchange, the Group has undertaken a strategic transformation. In particular, following the acquisition of equity interests in Lhoka Mine and Shigatse Mine, the Group has been advancing its exploration and development in an orderly manner. Looking ahead, the Group will continue to focus on the development of its existing assets and seek to enhance operational efficiency, delivering sustainable value to its shareholders and strengthening its position within the gold industry.

Meanwhile, the Group’s management will also remain vigilant for uncertainties in the global market while seeking value-adding investment opportunities to create maximum value for shareholders.

* The English name is for identification only.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operation

Revenue

The revenue of the Group for the year ended 31 December 2025 was approximately RMB487.0 million (2024: RMB157.6 million), representing a significant increase of approximately 209.0% from that of 2024, the increase was mainly due to the significant increase in sales of gold products and silver products which was primarily driven by the significant increase in gold and silver price during the year.

	2025		2024	
	Revenue <i>RMB'000</i>	% of revenue	Revenue <i>RMB'000</i> (restated)	% of revenue (restated)
By products				
- Sales of gold products	247,370	50.8%	15,629	9.9%
- Sales of silver products	236,008	48.4%	137,643	87.3%
- Sales of gem-set and other jewellery products	1,842	0.4%	724	0.5%
- Sales of colored gemstones	1,749	0.4%	3,574	2.3%
Total	486,969	100.0%	157,570	100.0%
By sales channels				
- Shenzhen Exhibition Hall	312,385	64.2%	51,283	32.5%
- Online Sales Channels	173,895	35.7%	105,774	67.1%
- CSmall Shops	689	0.1%	513	0.4%
Total	486,969	100.0%	157,570	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales significantly increased from approximately RMB109.2 million for the year ended 31 December 2024 to approximately RMB276.3 million for the year ended 31 December 2025, representing a significant increase of approximately 153.1%, mainly due to significant increase in revenue contributed from the sales of gold and silver products.

Gross Profit and Gross Profit Margin

We recorded gross profit of approximately RMB210.7 million for the year ended 31 December 2025 (2024: RMB48.4 million), an increase of approximately 335.2% as compared to that of 2024. The Group's sales of gold and silver products increased significantly in 2025, leading to a rise in the overall sales of the Group in 2025. In addition, with the significant increase in gold prices in 2025 and most of the gold and silver products sold by the Group in 2025 were inventories procured at relatively low costs, the gross profit margin from the sales of gold products improved substantially, resulting in an increase in overall gross profit.

Other Income, Gains and Losses

Other income and other gains and losses mainly include bank interest income; and net exchange gains respectively.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 46.5% from approximately RMB15.5 million for the year ended 31 December 2024 to approximately RMB22.7 million for the year ended 31 December 2025, mainly due to the increase in sales during the year, which resulted in higher related selling and distribution expenses.

Administrative Expenses

Administrative expenses increased by approximately 267.6% from approximately RMB23.6 million for the year ended 31 December 2024 to approximately RMB86.7 million for the year ended 31 December 2025, mainly due to the share-based payment expenses to its employees of approximately RMB56.5 million and the expenses incurred in connection with the Group's expansion into the exploration business.

Income Tax Expense

Income tax expense increased from approximately RMB1.2 million for the year ended 31 December 2024 to approximately RMB38.4 million for the year ended 31 December 2025, mainly due to the increase in the PRC Enterprise Income Tax charged for the year arising from the increase in taxable profits.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit Attributable to Owners of the Company

For the year ended 31 December 2025, we recorded a profit attributable to owners of the Company from continuing operation of approximately RMB61.5 million (2024: RMB3.7 million), representing a significant increase of approximately 1,560.8% compared to that for 2024. Such significant increase was mainly attributable to the following factors:

- (i) The Group's sales of gold products for the year increased significantly by approximately 1,482.8% and sales of silver products also increased significantly by approximately 71.5% as compared to 2024. In addition, with the significant increase in gold prices in 2025 and most of the gold products sold by the Group during the year being inventories with relatively low procurement costs, the gross profit margin of the Group's sales of gold products increased substantially, resulting in a significant increase in overall gross profit as compared to 2024.
- (ii) The Company completed the disposal of the Fresh Food Retail Segment during the year and recorded a gain on disposal of approximately RMB41.2 million for the Group.

The aforementioned factors were partially offset by the following factor:

- (iii) The Group recorded share-based payment expenses of approximately RMB56.5 million (carried at the fair value of the granted share options) during the year in relation to the grant of share options to its employees.

Discontinued Operation

Various factors unfavorable to the operation and development of the Jiangsu Nongmuren platform (i.e. the Fresh Food Retail segment) have gradually emerged since the Group's investment into the Nongmuren Group in 2021, including a downward trend in pork prices in China and a decline in overall pork consumption, as well as the resumption of the traditional fresh food model after the epidemic, which affected the business of the Nongmuren platform that provides branding and SaaS services to enterprises along the agricultural supply chain. As a result, the value of the Jiangsu Nongmuren business model has diminished, and its business prospects and growth potential had become limited. Accordingly, in order for the Group to focus management's attention and its financial and manpower resources on the core jewellery and metals business, the Group decided to dispose of the business of the Nongmuren platform. The disposal was completed on 13 January 2025 and generated a gain on disposal of approximately RMB41.2 million for 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise gold bars, colored gemstones, silver bars and jewellery products. For the year ended 31 December 2025, inventory turnover days were approximately 1,286.4 days (for the year ended 31 December 2024: 3,266.8 days). The improvement in inventory turnover days was primarily attributable to the significant increase in sales of gold and silver products during the year, particularly gold products, which resulted in faster-moving inventory.

The turnover days for trade receivables for the year ended 31 December 2025 were approximately 45.1 days (for the year ended 31 December 2024: 130.0 days). The improvement was mainly attributable to the significant increase in sales of gold products during the year, which generally have a shorter receivables cycle, thereby lowering the overall trade receivables turnover days.

The turnover days for trade payables for the year ended 31 December 2025 were approximately 23.5 days (for the year ended 31 December 2024: 84.6 days). The improvement was mainly due to decrease in purchases of inventories and raw materials during the year, which lowered the average trade payables balance and shortened the trade payables turnover days.

Bank Borrowings

As of 31 December 2025, the Group's bank borrowings balance amounted to approximately RMB116.6 million (as of 31 December 2024: RMB89.0 million), of which approximately RMB8.5 million of bank borrowings was carried at fixed interest rate and approximately RMB108.1 million was carried at floating interest rate (as of 31 December 2024: RMB9.0 million was carried at fixed interest rate and RMB80.0 million was carried at floating interest rate). The bank borrowings of approximately RMB88.5 million would fall due for repayment within one year, and approximately RMB28.1 million would fall due for repayment between two to five years which contain a repayment on demand clause and was shown under current liabilities.

The Group's net gearing ratio was calculated on the basis of the bank borrowing less bank balances and cash as a percentage of total equity. As of 31 December 2025, the Group remains in a net cash position with a net gearing ratio of approximately -32.5% (as of 31 December 2024: -26.4%).

Capital Expenditures

For the year ended 31 December 2025, the Group invested approximately RMB87.7 million in property, plant and equipment (2024: RMB1.2 million).

Pledge of Assets

As at 31 December 2025, the Group has pledged leasehold land and buildings with a carrying value of approximately RMB48.2 million (as at 31 December 2024: nil) to secure general banking facilities.

Capital Commitments

As of 31 December 2025 and 2024, the Group did not have any material capital commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities (as at 31 December 2024: RMB250,000,000).

Employees

As of 31 December 2025, the Group employed 130 staff members (as of 31 December 2024: 123 staff members) and the total staff cost for the year ended 31 December 2025 amounted to approximately RMB15.6 million (2024: RMB14.3 million) for continuing operation. The increase was mainly due to the development in exploration business in current year. The Group's remuneration packages are in line with the current laws in the relevant jurisdictions, the experience and qualifications of individual employees and the general market conditions. Bonuses are linked to the Group's financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

In addition, the Company has adopted a share option scheme on 27 March 2025 (the "Share Option Scheme") pursuant to the shareholders' approval obtained at the extraordinary general meeting held on the same date, as disclosed in the Company's announcement dated 27 March 2025, with the primary purpose of providing incentives to eligible employees. As further disclosed in the Company's announcement dated 31 March 2025, the Company has granted an aggregate of 123,780,000 share options under the Share Option Scheme to 11 grantees (the "Grantees"), representing approximately 10.00% of the total number of shares of the Company in issue as at the adoption date of the Share Option Scheme. All the Grantees under the Share Option Scheme are employees of the Group. All share options granted to the Grantees will be vested on the first anniversary of the date of grant (i.e. 31 March 2026). Further details of the Share Option Scheme are set out in the section headed "Share Option Scheme" in this report.

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during the year. The Group was principally financed by internal resources and bank borrowings. The Group's principal financial instruments comprise bank balances and cash, trade and other receivables, trade and other payables as well as bank borrowings. As of 31 December 2025, the bank balances and cash, net current assets and total assets less current liabilities were approximately RMB608.2 million (as of 31 December 2024: RMB429.3 million), RMB1,366.6 million (as of 31 December 2024: RMB1,267.9 million) and RMB1,511.6 million (as of 31 December 2024: RMB1,288.5 million), respectively.

As further detailed in the section headed "The subscription of new shares under general mandate" below and as disclosed in the announcement of the Company dated 19 November 2025, the Company entered into subscription agreements with each of the six subscribers on 19 November 2025, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 247,500,000 shares at a subscription price of HK\$1.61 per share (the "Subscription"). The gross proceeds from the Subscription amount to HK\$398,475,000, and the net proceeds, after deduction of all relevant expenses, are approximately HK\$397,975,000. Partial completion of the Subscription took place on 31 December 2025, 6 February 2026 and 13 March 2026, as disclosed in the Company's announcements of the same dates. As further disclosed in the Company's announcement dated 27 February 2026 and 31 March 2026, the long stop date for the fulfilment of the conditions precedent in respect of the remaining subscriptions of an aggregate of 100,000,000 shares of the Company has been extended to 30 May 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

No final dividend for the year ended 31 December 2025 was proposed (2024: nil).

Significant Investment Held, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures and Plans for Significant Investment or Acquisition of Capital Assets in the Future

On 13 January 2025, the Group completed the disposal of 51% equity interest of Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司), which controls the operation of Jiangsu Nongmuren and being one of the Group's operating segments, namely the Fresh Food Retail segment. Further details of the disposal are set out in the announcements published on 5 November 2024 and 15 January 2025.

On 17 June 2025, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Yincai Trading Co., Ltd.* (江西銀彩貿易有限公司) (the "**Vendor**"), an independent third party of the Group, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% equity interest in Jiangxi Yiding Trading Co., Ltd.* (江西藝鼎貿易有限公司) (the "**Target Company**") for a total consideration of RMB3,500,000.

The Target Company is a company incorporated in the PRC with limited liability. The Target Company held 100% equity interest in Xizang Shigatse Huaye Mining Development Co., Ltd.* (西藏日喀則市華冶礦業開發有限責任公司) ("**Xizang Shigatse**"), a company incorporated in the PRC with limited liability. Xizang Shigatse is principally engaged in the exploration of lead and zinc mine. Further details of the transaction are set out in the announcements published on 17 June 2025 and 26 June 2025. The transaction was completed on 18 July 2025.

Save as disclosed above, as at 31 December 2025, the Group did not hold any significant investment nor carry out any material acquisition and disposal of subsidiaries, associates, and joint ventures, nor was there any plan for other significant investment or acquisition of capital assets in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Fundraising Activities and Use of Proceeds

As disclosed in the announcements of the Company dated 19 November 2025 and 5 December 2025, in order to further support the intensive capital requirements of general exploration activities in the Lhoka Mine and the Shigatse Mine with an aim to gain more control over upstream mining operations and access to a more stable supply of raw materials, the Company entered into six subscription agreements with six subscribers (each of whom, to the best knowledge of the Directors having made all reasonable enquiries, was a professional corporate and/or individual private investor) on 19 November 2025, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 247,500,000 ordinary shares (with an aggregate nominal value of US\$24,750) (the "Subscription Shares") at a subscription price of HK\$1.61 per share, which represents a discount of approximately 19.50% to the closing price of HK\$2.00 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 November 2025 (the "Subscription"). The gross proceeds from the Subscription amount to HK\$398,475,000, and the net proceeds, after deduction of all relevant expenses, are approximately HK\$397,975,000. The net price of the Subscription Shares, after deduction of relevant expenses, is approximately HK\$1.608 per Subscription Share. Partial completion of the Subscription took place on 31 December 2025, 6 February 2026 and 13 March 2026, as disclosed in the Company's announcements of the same dates. As further disclosed in the Company's announcements dated 27 February 2026 and 31 March 2026, the long stop date for the fulfilment of the conditions precedent in respect of the remaining subscriptions of an aggregate of 100,000,000 shares of the Company has been extended to 30 May 2026.

As at 31 December 2025, approximately HK\$34.9 million was received as partial completion took place on 31 December 2025 in accordance with the terms and conditions of the relevant subscription agreements. None of the net proceeds from the Subscription had been utilised as at 31 December 2025. Following completion of the Subscription, the net proceeds from the Subscription will be applied in a manner consistent with the intended use of proceeds below, which is also consistent with the disclosure in the Company's announcements dated 5 December 2025 and 19 November 2025.

	Percentage	Planned use of proceeds <i>HK\$'000</i>	Utilised amount as of 31 December 2025 <i>HK\$'000</i>	Unutilised amount as of 31 December 2025 <i>HK\$'000</i>	Expected timeline for the use of the unutilised amount
Capital expenditure expected to be incurred from conducting general exploration and other exploration works on the Lhoka Mine and other potential mining opportunities nearby	60%	238,785	-	238,785	Expected to be fully utilised by the end of 2027
Capital expenditure expected to be incurred from conducting general exploration and other exploration works on the Shigatse Mine and other potential mining opportunities nearby	20%	79,595	-	79,595	Expected to be fully utilised by the end of 2027
General working capital which will be applied for the purposes of, including but not limited to, staff expenses, directors' remuneration, legal and professional fees, payment of interest expenses and other general management and administrative expenses incurred in the course of daily operations	20%	79,595	-	79,595	Expected to be fully utilised by the end of 2027
Total	100%	397,975	-	397,975	

MANAGEMENT DISCUSSION AND ANALYSIS



Significant Event after the Reporting Period

In relation to completion of the Subscription, subsequent to 31 December 2025, further partial completions took place on 6 February 2026 and 13 March 2026, as disclosed in the Company's announcements of the same dates respectively. As further disclosed in the Company's announcements on 27 February 2026 and 31 March 2026, the long stop date for fulfilment of the conditions precedent in respect of the remaining subscriptions of an aggregate of 100,000,000 shares of the Company was extended to 30 May 2026.

On 31 March 2026 (i.e. the first anniversary of the date of grant), the 123,780,000 share options granted on 31 March 2025 under the Share Option Scheme were vested.

Save as disclosed above, there were no other material subsequent events after reporting period.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the annual general meeting to be held on Thursday, 18 June 2026, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 12 June 2026 for registration of transfer.

* The English name is for identification only.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHEN He (陳和), aged 41, is our Chairman, executive Director and chief executive officer. Mr. Chen was appointed as an executive Director of the Company in February 2017. Mr. Chen joined the Group as a co-deputy general manager of Shenzhen Guoyintongbao Company Limited* (深圳國銀通寶有限公司) (“**Shenzhen Guoyintongbao**”) in October 2013, and has been serving as a president of the Group since July 2015. Mr. Chen has been the driving force behind our development, growth and expansion and is primarily responsible for the overall management of our Group and for directing strategic developments and business plans of our Group. Mr. Chen is currently a director of several of our principal operating subsidiaries, namely Shenzhen Guoyintongbao, Shenzhen Guojintongbao Company Limited* (深圳國金通寶有限公司) (“**Shenzhen Guojintongbao**”) and Jingning Sheyin Culture Company Limited* (景寧畚銀文化有限公司).

Prior to joining the Group, Mr. Chen served as the supervisor of the procurement department of Jiangxi Longtianyong from January 2006 to December 2010, and served as the manager of the procurement department of the same company from January 2011 to September 2013.

Mr. Chen graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Mr. QIAN Pengcheng (錢鵬程), aged 42, was appointed as an executive Director of the Company in February 2017. He has also been the financial manager of the Group since he joined the Group in October 2013. Mr. Qian is responsible for managing the financial department of the Group. Prior to joining the Group, Mr. Qian worked as a financial clerk at Jiangxi Longtianyong, from January 2006 to December 2010, and served as the financial supervisor of Jiangxi Longtianyong from January 2011 to September 2013.

Mr. Qian graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Ms. HUANG Wen (黃雯), aged 38, was appointed as an executive Director of the Company in November 2024. She joined the Group in April 2018 and is currently the director of human resources administration center of Shenzhen Guoyintongbao, a wholly-owned subsidiary of the Company. Ms. Huang is responsible for managing the human resources and related administrative affairs of the Group. Prior to joining the Group, Ms. Huang had successively served as manager of human resources or recruitment at various companies in Shenzhen, the PRC between 2010 and 2018.

Ms. Huang obtained an associate’s degree in logistics management from the China Central Radio and Television University (now known as the Open University of China) in July 2010, and a bachelor’s degree in human resources management from the South China Normal University in June 2021.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Leung Fai (余亮暉), aged 49, was appointed as an independent non-executive Director of the Company in November 2021. Mr. Yu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Yu is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia (not practicing) and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Trust Practitioner of the Hong Kong Trustees' Association. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, the United Kingdom in August 2005. Mr. Yu has over two decades of experience in the corporate services field. Mr. Yu is currently the managing partner of Fung, Yu & Co. CPA Limited, which he joined in 2001. He previously worked as an auditor at Deloitte Touche Tohmatsu.

Mr. Yu has been a joint company secretary of Beijing Media Corporation Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 1000) since 2010, the company secretary of Yuanda China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2789) since 2012, and a joint company secretary and successively the company secretary of Sany Heavy Equipment International Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 631) since 2017. He has also been an independent non-executive director of Realord Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1196) since 2014, an independent non-executive director of Dowway Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8403) from October 2019 to October 2023, an independent non-executive director of The Sincere Company, Limited (a company listed on the Main Board of the Stock Exchange, stock code: 244) since June 2021, and an independent non-executive director of Timeless Resources Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8028) since March 2023.

Mr. HU Qilin, aged 55, was appointed as an independent non-executive Director of the Company in March 2018. Mr. Hu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Hu has substantial experience in the area of internet finance, corporate management and operations. He served as the general manager of BaiduPay Science and Technology Co., Ltd., a subsidiary of Baidu, in Beijing, the PRC from August 2016 till January 2017. Mr. Hu served as a Venture Partner of Sequoia Capital Consulting (Beijing) Co., Ltd. from March 2017 to October 2018. Mr. Hu served as a Managing Director of HINA Investment (Beijing) Group, Ltd. from November 2018 to May 2020. Mr. Hu has served as a Venture Partner of Advantech Capital since January 2021.

In the period of September 2013 till October 2015, Mr. Hu served as a deputy general manager at TenPay, a subsidiary of Tencent, in Shenzhen of the PRC, and then from October 2015 till July 2016, he served as a chief operations officer at Ping An FinTech Ltd., a subsidiary of Ping An, in Shanghai of the PRC.

Mr. Hu obtained a bachelor degree in computer science from Nankai University in Tianjin, the PRC in July 1992, and a master degree in science from the University of Iowa in the United States in May 1996. In September 2016, Mr. Hu obtained an executive master of business administration degree at the Cheung Kong Graduate School of Business (長江商學院) in the PRC.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Zuhui (張祖輝), aged 53, was appointed as an independent non-executive Director of the Company in March 2018. Mr. Zhang is primarily responsible for supervising and providing independent judgment and analysis to the Board.

Mr. Zhang has served as a secretary general at Shenzhen City Gold and Jewellery Culture Research Association from August 2013 till present. During the period of January 2003 to December 2012, Mr. Zhang worked at China Golden Post. Mr. Zhang first served as a journalist, and then as a co-supervisor at the news editorial centre, and later as a supervisor at the Shenzhen news centre of China Golden Post.

In June 1995, Mr. Zhang graduated from Hubei University in Hubei Province, the PRC, with a college education in Chinese language and literature through long distance learning. In April 2010, Mr. Zhang obtained a Senior Gold Investment Analyst qualification from the Occupational Skills and Testing Authority of the Ministry of Human Resources and Social Security of the PRC.

SENIOR MANAGEMENT

Mr. CHAN Hon To (陳瀚濤), aged 49, was appointed as the chief financial officer of the Group in May 2019. He is responsible for the overall financial management, tax, treasury, investor relations and corporate finance matters of the Group. He has over 20 years of experience in auditing, accounting, corporate finance, investor relations, funding raisings and company secretaryship. Prior to joining the Group, he held senior management positions as vice president-strategic investment, chief financial officer and group financial controller in several listed companies in Hong Kong. He has also gained extensive experience in auditing and initial public offering exercise during his service with Deloitte Touche Tohmatsu in Hong Kong and the United States of America from 2002 to 2009. He is a Fellow Member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

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CORPORATE GOVERNANCE REPORT



CODE OF CORPORATE GOVERNANCE PRACTICE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to the shareholders of the Company;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. As at the date of this report, the Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Throughout the year ended 31 December 2025, the Company has complied with the code provisions under the CG Code except for the deviations as explained below.

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

Mr. Chen He is currently both the chairman of the Board and chief executive officer of the Company. He has been leading the Group for many years since he joined the Group in 2013. He has been the driving force behind the Group's development, growth and expansion and is primarily responsible for the overall management of the Group and for directing strategic developments and business plans of the Group. In light of the above, all of the Directors consider Mr. Chen He to be the best candidate for both positions and that such arrangement is beneficial to and in the best interests of the Group and the shareholders of the Company as a whole.

The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer of the Company in due course after taking into account of the then overall circumstances of the Group.

Pursuant to the amendments to the CG Code which has come into effect on 1 July 2025, the Company shall appoint at least one director of a different gender to the nomination committee, and with regard to the actual circumstances of the Company, on 24 March 2026, the Board appointed Ms. Huang Wen, an Executive Director of the Company and Mr. Hu Qilin, an Independent Non-executive Director of the Company, as members of the nomination committee of the Company, with effect from 24 March 2026. For further details, please refer to the announcement of the Company dated 24 March 2026.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE AND STRATEGY

The Company is committed to developing a positive corporate culture. The Company's corporate culture is defined by the Board including its core value to act lawfully and responsibly, and promote relationships between the Company and its stakeholders. Besides the Company's purposes, values and strategy are also defined by the Board which enable transparency, adapt to the fast-changing environment and minimizes corporate bureaucracy.

The Board from time to time monitors and evaluates the Company's culture and strategy, through reviewing whether the Company's decisions making are consistent with the Company's culture and strategy. The board has made effort to foster staff and stakeholders engagements; reviewing staff turnover and training; financial reporting functions; effective and accessible whistleblowing framework; legal and regulatory compliance and staff safety, wellbeing and support.

The Company believes that its culture is critical to the successful execution of its strategies, and well aligned with such strategies.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES AND SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company.

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2025.

BOARD OF DIRECTORS

(i) Board Composition

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board comprised three executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Chen He (*Chairman and Chief Executive Officer*)

Ms. Huang Wen

Mr. Qian Pengcheng

Independent Non-executive Directors

Mr. Hu Qilin

Mr. Yu Leung Fai

Mr. Zhang Zuhui

To the best knowledge of the Company, there is no financial, business or family relationship among the members of the Board and the chief executive.

The executive Directors, with assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility of formulating the business strategies and development plan of the Group and the senior management are responsible for supervising and executing the plans of the Company and its subsidiaries.

(ii) Board Functions and Duties

The principal functions and duties conferred to the Board include:

- convening general meetings and reporting the Board's work at general meetings;
- implementing resolutions passed by the shareholders of the Company in general meetings;
- deciding on business plans and investment plans;
- preparing annual financial budgets and final reports;
- formulating proposals for profit distributions, recovery of losses and for increases or reductions in the registered capital; and
- exercising other powers, functions and duties conferred by shareholders of the Company in general meetings.

(iii) Management Functions and Duties

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management personnel meet regularly to review the performance of the business of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance within the Group and is committed to ensuring that an effective corporate governance is put in place and continuously reviewing and improving the corporate governance practices within the Group.

CORPORATE GOVERNANCE REPORT

(iv) Board Meetings

During the year ended 31 December 2025, there were six board meetings held, at which the Directors approved, among other things, the annual results of the Group for the year ended 31 December 2024 and the interim results of the Group for the six months ended 30 June 2025.

Prior notices convening the board meeting were despatched to the Directors before the board meetings setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions.

(v) Attendance Record

The following is the attendance record of the Directors at board meetings and the general meetings of the Company during the year ended 31 December 2025:

	Attendance at meetings		
	Board meetings	Annual general meeting	Extraordinary general meeting
Executive Directors			
Mr. Chen He (<i>Chairman</i>)	6/6	1/1	1/1
Ms. Huang Wen	6/6	1/1	1/1
Mr. Qian Pengcheng	6/6	1/1	1/1
Independent Non-executive Directors			
Mr. Hu Qilin	6/6	1/1	1/1
Mr. Yu Leung Fai	6/6	1/1	1/1
Mr. Zhang Zuhui	6/6	1/1	1/1

(vi) Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experiences and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has also received a written annual confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers that all independent non-executive Directors are independent with reference to the guidelines stated in the Listing Rules.

CORPORATE GOVERNANCE REPORT



(vii) Appointment and Re-election of Directors

In accordance with the memorandum and articles of association of the Company (the “**Articles of Association**”) and code provision B.2.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years, and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association. The nomination committee of the Company (the “**Nomination Committee**”) is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

(viii) Directors’ Remuneration

The remuneration committee of the Company (the “**Remuneration Committee**”) makes recommendations to the Board on the remuneration packages of the Directors and senior management personnel. It is the Company’s policy that the remuneration package of each Director and senior management shall be determined by taking reference to, inter alia, their duties, responsibilities, experiences and qualifications.

(ix) Board Diversity

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company’s strategic objectives and sustainable development.

Pursuant to the Board Diversity Policy, the composition, structure and size of the Board are reviewed at least annually by the Nomination Committee to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the needs of the business of the Group. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to professional qualifications, regional and industry experience, cultural and educational background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service. By adopting such criteria, it facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity.

For the purpose of implementation of the Board Diversity Policy, the Board adopted the measurable objective that at least one member of the Board shall be female.

The Board is committed to improving the diversity of the Board and has achieved the above objective in 2024. The Company will review the gender diversity of the Board from time to time in accordance with the business development of the Group.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Members of the Board have a diverse range of business, financial and professional expertise. Brief biographical details of the Directors are set out in the section headed “**Biographies of Directors and Senior Management**” in this annual report.

CORPORATE GOVERNANCE REPORT

(x) Director Nomination

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a director nomination policy (the “**Director Nomination Policy**”) which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will also review at least annually the structure, size and composition (including skills, knowledge and experience) of the Board and diversity of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to complement the Company’s corporate strategy.

CORPORATE GOVERNANCE REPORT

**(xi) Directors' Continuous Training and Development**

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are committed to complying with code provision C.1.4 under the CG Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received during the year ended 31 December 2025 to the Company.

(xii) Board Independence Evaluation

The Company has established a board independence evaluation mechanism (the "**Board Independence Evaluation Mechanism**") which sets out the processes and procedures to ensure a strong independent element on the Board.

The Board Independence Evaluation Mechanism covers the following aspects:

- (a) Independent non-executive director's recruitment criteria
- (b) Number of independent non-executive directors
- (c) Assessing the independence of an independent non-executive director
- (d) Assessment or evaluation of independent non-executive directors' time commitment and contribution
- (e) Other channels where independent views are available

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

(xiii) Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this report:

	Unit: % (person)	
	Female	Male
Board	17% (1)	83% (5)
Senior management	0% (0)	100% (1)
Other employees	68% (86)	32% (40)
Overall workforce	65% (87)	35% (46)

CORPORATE GOVERNANCE REPORT

The Board is committed to improving gender diversity among the senior management as and when suitable candidates are identified for the appointment of senior management.

The Company is committed to promoting gender diversity not only within the Board and senior management but among its workforce generally. As at the date of this report, the number of female employees and director of the Group accounted for approximately 65% of the total workforce. The Board is of the view that the Group has achieved gender diversity among the workforce.

The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management and director) more challenging or less relevant.

AUDIT COMMITTEE

The Board established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. Under Rule 3.21 of the Listing Rules, a majority of the members of the audit committee should be independent non-executive directors and the audit committee should be chaired by an independent non-executive director. The Audit Committee comprises all three independent non-executive Directors, namely, Mr. Yu Leung Fai (Chairman), Mr. Hu Qilin and Mr. Zhang Zuhui. The primary responsibilities of the Audit Committee are to review and supervise financial reporting processes and risk management and internal control systems of the Group.

During the year ended 31 December 2025, the Audit Committee held three meetings. The members of Audit Committee reviewed and discussed with the external auditor of the Company the Group’s audited consolidated financial statements for the year ended 31 December 2024 and unaudited condensed consolidated financial statements for the six months ended 30 June 2025. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made. They also reviewed significant issues on the financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditor of the Group may request a meeting of the Audit Committee to be convened if they consider that is necessary.

The main duties of the Audit Committee are as follows:

- To consider the appointment of the external auditor, the audit fee, and any question of resignation or dismissal.

CORPORATE GOVERNANCE REPORT



- To discuss with the external auditor the nature and scope of the audit.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard.
- To discuss with the management the systems of internal control and risk management and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.
- To review the internal audit programme, ensure co-ordination between the internal and external auditor, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.
- To review the Group's interim and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditor may wish to discuss.
- To review the external auditor's management letter and the management's response.
- To review the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review risk management and internal control systems.
- To consider the major findings of any internal investigations on risk management and internal control matters as delegated by the Board or its own initiative and the management's response to these findings.
- To consider other topics, as defined by the Board.

The following is the attendance record of the committee meetings held by the Audit Committee.

	Attendance at meetings
Mr. Yu Leung Fai (<i>Chairman</i>)	3/3
Mr. Hu Qilin	3/3
Mr. Zhang Zuhui	3/3

During the year ended 31 December 2025, the Audit Committee and senior management also met the external auditor three times.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

Moore Stephens CPA Limited resigned as auditor of the Company and the Company has appointed Linksfield CPA Limited as the auditor of the Company, both with effect from 19 January 2023.

For the year ended 31 December 2025, the total fees paid/payable in respect of audit services to the external auditor of the Company, Linksfield CPA Limited, and non-audit services to the external auditors of the Company, were set out below:

Service category	Fees paid/ payable <i>RMB</i>
Audit services	1,052,000
Non-audit services	
- Interim results review	230,600
- Others (including continuing connected transactions and announcements)	23,100

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at general meetings of the Company by the shareholders.

DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make informed assessments of the financial and other decisions.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 63 to 68.

CORPORATE GOVERNANCE REPORT



RISK MANAGEMENT AND INTERNAL CONTROL

In view of the implementation of the Consultation Conclusions on Risk Management and Internal Control relating to code provision D.2.1 of the CG Code issued by the Stock Exchange, the Board has already reviewed the effectiveness of its risk management framework and processes and internal control systems, and has implemented relevant measures resulting from this exercise that aim to enhance its framework and processes to comply with the requirements of the CG Code.

The Group established the Risk Management Taskforce (“**RMTF**”) to assist the Board and the Audit Committee in overseeing the Group’s risk management and internal control systems on an ongoing basis. The RMTF is responsible for leading and coordinating risk assessment activities including risk identification, risk assessment, actions taken to monitor and mitigate risks and risk reporting at least once a year. The risk inventory of the Group is developed and will be updated based on the results of the risk assessment. The risk assessment report is prepared based on the results of the risk assessment and the progress of risk management processes. The risk assessment report is submitted to the Audit Committee for review and approved by the Board.

The Board is ultimately responsible for determining and evaluating the risks it is willing to take in achieving its objectives, and ensuring it establishes and maintains effective risk management and internal control systems for the Group. The Group maintains risk management and internal control systems that are designed to provide reasonable but not absolute assurance against material misstatement or loss in the achievement of its objectives. The Board also has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The main features of these systems include a clear governance structure, defined roles and responsibilities, reporting procedures and clear risk management and internal control procedures, ascertaining its staff to achieve the Group’s strategic objectives by implementing effective risk management and internal control systems and fulfilling the respective compliance requirements.

The Group also established an internal audit department (the “**Internal Audit Department**”) to provide the Board and the management with useful information and recommendations on the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department is authorised by the Board to have access to all records, people and physical properties relevant to the performance of internal audit. The head of Internal Audit Department has unrestricted access to the chairman of the Audit Committee and reports directly to the Audit Committee for direction and accountability. During the year, the Internal Audit Department has performed independent review of the adequacy and effectiveness of the design and implementation of the risk management and internal control systems and made appropriate recommendations for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The management of the Group is committed to taking appropriate remedial actions promptly in respect of the internal control deficiencies and ensure the Group maintains an adequate and effective risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The Board conducts an annual review on the effectiveness of risk management and internal control systems, covering but not limited to:

- Review the changes in the nature and extent of significant risks (including environmental, social and governance risks) since last year's review, and the Group's ability to respond to changes in its business and the external environment;
- Review the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
- Review the extent and frequency of communication of monitoring results to the Board and the Audit Committee, and effectiveness of the risk management, financial reporting and Listing Rules compliance;
- Address any significant control failings or weakness that have been identified during the review and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and
- Review on the accounting, financial reporting and internal audit function, including the adequacy of resources, staff qualifications and experience, the quality of training programmes, and budget.

The risk management and internal controls systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

During the year ended 31 December 2025, the Audit Committee carried out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions and discussed with the Internal Audit Department on the effectiveness and adequacy of the Company's system and procedures. The Board and the Audit Committee considered that the risk management and internal control systems of the Group were adequate and effective for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT



PRINCIPAL RISKS

The Company faces different principal risks and uncertainties set out below that may impose adverse impact to the Company's performance, operation and execution of its strategies. The Company is committed to mitigate and assess its risk management to ensure well risk management and governance.

Risk	Impact	Mitigations
Strategic Risk	Adverse impacts on the Company's business performance, development, operations and/or ability to deliver its strategic goals, caused by changes in environments of the business, economic, regulatory or political which the Company operates	The Company has proactively monitored the trends of industries, competitors and climate changes; and take respective strategic plans and timely resources allocation
Legal & Compliance Risk	The Company's business and operations may be affected by unexpected or uncertain application of a law or regulation which may incur penalties, operation costs	The Company has engaged legal advisers in different jurisdictions for providing legal advice and suggest any prompt actions on any regulatory updates
Third Party Risk	Business operations of the Company may be impacted by any actions or failures from third parties in delivering services to the Company	The Company established monitoring programme on the business agreements to enhance monitoring and control in alignment with international standards
Operational Risk	The risk of financial loss, reputational damage or inability to provide services and products to customers resulting from inadequate or failed processes	The Company proactively review the internal control on the operation and the impacts on the staff, process and technology

CORPORATE GOVERNANCE REPORT

WHISTLEBLOWING POLICY

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

The Company has in place the Anti-Corruption and Anti-Bribery Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company and stakeholders to report any suspected corruption and bribery.

NOMINATION COMMITTEE

The Board established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee comprises Mr. Chen He (Chairman), Ms. Huang Wen, Mr. Hu Qilin, Mr. Yu Leung Fai and Mr. Zhang Zuhui, with the latter three being independent non-executive Directors.

The Nomination Committee considers and recommends to the Board suitably qualified persons to become Directors and is responsible for reviewing the structure, size and composition of the Board and the Board Diversity Policy and Director Nomination Policy at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, cultural and educational background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the independent non-executive Directors) are sought. The selection criteria of the qualified candidates are mainly based on assessments of their qualifications, experiences and expertise as set out in the Director Nomination Policy as well as the requirements under the Listing Rules. The Nomination Committee selects and recommends candidates for directorship with regards to balancing skills and experiences appropriate to the Group's businesses.

CORPORATE GOVERNANCE REPORT



During the year ended 31 December 2025, the Nomination Committee held one meeting. The members of Nomination Committee reviewed and discussed the current structure, size and composition of the Board and the independence of the independent non-executive Directors, considered the qualifications of the retiring Directors standing for election at the annual general meeting and reviewed the Board Diversity Policy and Director Nomination Policy. The Nomination Committee has recommended the Board to adopt a measurable objective as disclosed in the section headed "Board Diversity" in this Corporate Governance Report for implementing the Board Diversity Policy.

The following is the attendance record of the committee meeting held by the Nomination Committee.

	Attendance at meeting
Mr. Chen He (<i>Chairman</i>)	1/1
Ms. Huang Wen (Appointed as a member on 24 March 2026)	N/A
Mr. Hu Qilin (Appointed as a member on 24 March 2026)	N/A
Mr. Yu Leung Fai	1/1
Mr. Zhang Zuhui	1/1

REMUNERATION COMMITTEE

The Board established the Remuneration Committee with written terms of reference in compliance with the Code. Under Rule 3.25 of the Listing Rules, a majority of the members of the remuneration committee should be independent non-executive directors and the remuneration committee should be chaired by an independent non-executive director. The Remuneration Committee comprises Mr. Zhang Zuhui (Chairman), Mr. Hu Qilin and Mr. Yu Leung Fai in which all three are independent non-executive Directors.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Directors and senior management personnel of the Group and to ensure that no Director or any of his associates is involved in deciding his own remuneration. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2025, the Remuneration Committee held two meetings. The members of Remuneration Committee reviewed and made recommendations to the Board on the remuneration policy and the remuneration packages of the Directors and senior management of the Company. In addition, the Remuneration Committee also reviewed and approved the adoption of the Share Option Scheme and the grant of share options thereunder during the year ended 31 December 2025. Save as disclosed above, no other material matters relating to share schemes were reviewed and/or approved by the Remuneration Committee during the financial year.

The following is the attendance record of the committee meeting held by the Remuneration Committee.

	Attendance at meeting
Mr. Zhang Zuhui (<i>Chairman</i>)	2/2
Mr. Hu Qilin	2/2
Mr. Yu Leung Fai	2/2

CORPORATE GOVERNANCE REPORT

EMOLUMENT POLICIES

The emolument policies of the Group are formulated on performance of individual employees and on the basis of salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the profitability of the Group, the Group may also distribute discretionary bonuses to its employees as incentives for their contributions to the Group.

Details of the remuneration of the senior management by band are set out below:

	2025 Number of individuals	2024 Number of individuals
Not exceeding HK\$1,000,000	1	1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

During the year ended 31 December 2025, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and similar written guidelines for employees, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Chairman of the Board held one meeting with the independent non-executive Directors without the presence of the other Directors to review and discuss, among other things, the independence of the independent non-executive Directors and confirmed that the independent non-executive Directors can express their views at the Board meetings without restrictions.

COMPANY SECRETARY

During the year ended 31 December 2025, Mr. Yip Chun Ming Alex undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT



SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders' Communication Policy. The policy aims to set out the principles of the Company with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the shareholders of the Company.

Information is communicated to the shareholders mainly through the Company's interim reports, annual reports, annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to the Stock Exchange for publication and corporate communications and other corporate publications on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.everestgold.hk.

The Company has established the following channels for maintaining an on-going dialogue with its shareholders to communicate their views on various matters affecting the Company, as well as to solicit and understand the views of shareholders and stakeholders:

1. Methods for shareholders to send enquiries to the Company and the Company's share registrar regarding the Company and their shareholdings, respectively
2. Corporate communication (e.g. annual report, interim report, circular, proxy form, etc.)
 - interim and annual results are announced as early as possible, to keep shareholders informed of the Group's performances and operations
3. Corporate website
 - updated key information of the Group is available on the Company's website to enable shareholders and investors to have timely access to information about the Group
4. Shareholders' general meetings
 - a forum for shareholders to raise comments and exchange views with the Board
 - the chairman and the Directors are available at the general meetings of the Company to address shareholders' queries
 - separate resolutions are proposed at the general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in the circulars to the shareholders to facilitate enforcement of shareholders' rights

The Company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

During the year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy, including the multiple communication channels for shareholders in place and the steps taken to handle shareholders' enquiries, and the results were satisfactory.

CORPORATE GOVERNANCE REPORT

ARRANGEMENT OF ELECTRONIC DISSEMINATION OF CORPORATE COMMUNICATIONS

Pursuant to Rule 2.07 of Listing Rules under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications (the “**Corporate Communications**”), which mean any documents issued or to be issued by the Company including but not limited to (a) the directors’ report, its annual accounts together with a copy of the auditors’ report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.

Both the English and Chinese versions of all future Corporate Communications will be available electronically on the website of the Company at www.everestgold.hk and the HKExnews website at www.hkexnews.hk in place of printed copies.

THE WAY BY WHICH SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING

The Directors, notwithstanding anything in the Articles of Association, shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company having the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited to the Board or the company secretary at the Company’s principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company’s share registrars and upon their confirmation that the request is proper and in order, the Board will call an extraordinary general meeting for the transaction of any business specified in such requisition.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of two months from the said date.

THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

The enquiries must be in writing with contact information of the requisitionists for the attention of the Directors or management of the Company, by mail to the Company’s principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

CORPORATE GOVERNANCE REPORT



THE PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions in the Articles of Association permitting shareholders to move new resolutions directly at general meetings. However, pursuant to Article 64, shareholders holding not less than one-tenth of the voting rights at general meetings may, by written requisition, require the Company to convene an extraordinary general meeting and specify the business to be transacted, including proposing resolutions for inclusion on the meeting agenda, in accordance with the procedures set out above.

After the publication of the notice of a general meeting by the Company, according to Article 113 of the Articles of Association, if a shareholder of the Company wishes to propose a person (the "**Candidate**") for election as a Director at a general meeting, he/she shall deposit a written notice (the "**Notice**") at the Company's principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong or at the office of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The Notice (a) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (b) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information. The period for lodgement of the Notice shall commence on the day after the despatch of the notice of general meeting and end no later than seven days prior to the date of such general meeting. In order to allow the Company's shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director, shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable before the relevant general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board for a financial year or period and any final dividend for a financial year will be subject to the shareholders' approval. Such details have been disclosed in the annual reports of the Company.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company has not made any change to its memorandum and articles of association. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website.

On behalf of the Board

Chen He

Chairman

Hong Kong, 25 March 2026

REPORT OF THE DIRECTORS

The Directors are pleased to report the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and the Group is principally engaged in the design and sales of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC ("**New Jewellery Retail**").

The operation of Fresh Food Retail segment being integrated online-and-offline sales of fresh food in the PRC, and provide related electronic platforms and branding and SaaS services along the agricultural supply chain in the PRC (the "**Fresh Food Retail segment**") was discontinued and disposed during the year ended 31 December 2025.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion on the Group's future business development and an analysis of the Group's performance during the year ended 31 December 2025 using financial key performance indicators are provided in the sections headed "Chairman's Statement" on pages 8 to 17 and "Management Discussion and Analysis" on pages 18 to 25 of this annual report which form part of this report.

(i) Principal risks and uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in its businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments.

The Group's principal business activity is the New Jewellery Retail business. It will be exposed to a variety of key risks including credit risk, interest risk, liquidity risk, operational risk, regulatory and market risk. There may be other risks and uncertainties which are not known to the Group or which may not be material.

(ii) Environmental policies and performance

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. Management has formulated an environment management policy for the Group based on applicable environmental laws, regulations and standards. The environmental protection and work safety department is responsible for designing and reviewing the internal control measures to ensure compliance with applicable environmental laws and regulations.

(iii) Compliance with laws and regulations

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Company is aware, during the year ended 31 December 2025, there was no material breach of or non-compliance with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

REPORT OF THE DIRECTORS



(iv) Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers and shareholders.

(a) Employees

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

(b) Customers

The Group's principal customers are retail and corporate customers of New Jewellery Retail business. The Group has the mission to provide excellent services and products whilst maintain our long-term profitability, business and asset growth. Various means have been established to strength the communication between the customers and the Group in the provision of excellent services and products.

(c) Suppliers

Sound relationships with key suppliers of the Group are important in supply chain which can derive cost effectiveness and foster long-term business benefits. The key suppliers comprise suppliers and business partners of New Jewellery Retail business.

(d) Shareholders

One of the Group's corporate goals is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

REPORT OF THE DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this report.

The Board has resolved not to recommend payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil). No interim dividend has been declared for the year ended 31 December 2025.

FIVE YEARS' FINANCIAL SUMMARY

A financial summary of the Group for the last five years is set out on page 156 of this report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's sales to its five largest customers and its largest customer accounted for approximately 25.4% (2024: 16.5%) and approximately 12.4% (2024: 4.1%) of the Group's total sales respectively.

For the year ended 31 December 2025, the Group's five largest suppliers and the largest supplier accounted for approximately 99.4% (2024: 78.3%) and approximately 94.0% (2024: 64.5%) of the Group's total purchases respectively.

None of the Directors of the Company or any of their close 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 interest in the Group's five largest customers or five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS



RESERVES

Movements in reserves of the Group during the year ended 31 December 2025 are set out on page 73 of this report.

As of 31 December 2025, the reserves of our Company available for distribution to its shareholders amounted to RMB1,011,929,000 (2024: RMB977,826,000).

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Articles of Association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained profits or other reserve, representing the share premium account of the Company.

BORROWINGS

Details of borrowings of the Group as of 31 December 2025 are set out in Note 29 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Mr. Chen He (*Chairman and Chief Executive Officer*)

Ms. Huang Wen

Mr. Qian Pengcheng

Independent Non-Executive Directors:

Mr. Hu Qilin

Mr. Yu Leung Fai

Mr. Zhang Zuhui

BOARD OF DIRECTORS

Biographical details of the Directors are set out on pages 26 to 28 of this report.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company, based on such confirmations, considers such Directors to be independent for the year ended 31 December 2025.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, subject to renewal after the expiry of the then current term.

Both Mr. Hu Qilin and Mr. Zhang Zuhui, independent non-executive Directors have signed a letter of appointment with the Company for an initial term of three years commencing from 13 March 2018. The term has been renewed for a period of one year commencing from 13 March 2021, and has been renewed for a further period of three years commencing from 12 March 2022, and has been renewed for another period of three years commencing from 12 March 2025, which is terminable by not less than three months' notice in writing served by either party on the other. Mr. Yu Leung Fai has signed a letter of appointment with the Company for an initial term of three years commencing from 19 November 2021, and has been renewed for a further period of three years commencing from 19 November 2024 which is terminable by not less than three months' notice in writing served by either party on the other.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this report, no Director or entity connected with a Director had a material interest in, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its holdings companies, subsidiaries or fellow subsidiaries was a party and which subsisted at the end of or at any time during the year ended 31 December 2025.

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.

CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" in this report, no contract of significance was entered into between the Company, or any of its subsidiary companies, and a controlling shareholder or any of its subsidiaries for the year ended 31 December 2025.

REPORT OF THE DIRECTORS



EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

The Company has adopted three share schemes as incentives to eligible employees.

The Company adopted a pre-IPO employee share scheme on 6 June 2016 which was subsequently reconstituted on 16 February 2017 (the "**Pre-IPO Employee Share Scheme**"). Participants of the Pre-IPO Employee Share Scheme are employees of the Group. The purpose of the Pre-IPO Employee Share Scheme was to further align the interests of the employee participants with those of the Group and incentivize the employee participants. Pursuant to the Pre-IPO Employee Share Scheme, Mr. Lin Ting, an employee of the Group, acts as the trustee and holds 166,025,000 Shares on trust for the benefit of himself and other 57 scheme participants. Grant was made one-off upon adoption of the Pre-IPO Employee Share Scheme, and no further grants would be made under the scheme. Awarded shares were fully vested once issued. The maximum entitlement of each participant under the Pre-IPO Employee Share Scheme varies. There is no definite expiry date to the Pre-IPO Employee Share Scheme.

The Company further adopted a post-IPO employee share scheme on 6 May 2019 (the "**Post-IPO Employee Share Scheme**"). Participants of the Post-IPO Employee Share Scheme are employees of the Group. The purpose of the Post-IPO Share Scheme was to further align the interests of the employee participants with those of the Group and incentivize the employee participants. Pursuant to the Post-IPO employee share scheme, Ms. Xue Meiqi, an employee of the Group, acts as the trustee and holds 73,428,040 Shares on trust for the benefit of 40 scheme participants. Grant was made one-off upon adoption of the Post-IPO Employee Share Scheme, and no further grants would be made under the scheme. Awarded shares were fully vested once issued. The maximum entitlement of each participant under the Post-IPO Employee Share Scheme varies. There is no definite expiry date to the Post-IPO Employee Share Scheme.

All shares under the two share schemes above have been granted and fully vested, and no additional shares may be issued thereunder.

SHARE OPTION SCHEME

In addition, the Company adopted the Share Option Scheme on 27 March 2025 pursuant to the shareholders' approval obtained at the extraordinary general meeting held on the same date, as disclosed in the Company's announcement dated 27 March 2025. As further disclosed in the Company's announcement dated 31 March 2025, the Company has granted an aggregate of 123,780,000 share options (each of which shall entitle the holder to subscribe for one share of the Company) under the Share Option Scheme to 11 grantees (the "**Grantees**"), all of whom are employees of the Group and have accepted the share options. None of the grantees is a participant with the Company's options and awards granted or to be granted to him/her in any preceding 12-month period exceeding the 1% individual limit under the Listing Rules.

Particulars of the Share Option Scheme are set out as follows:

Purpose

The purpose of the Share Option Scheme is to reward participants who have contributed to the Group and encourage participants to work towards enhancing the value of the Group.

REPORT OF THE DIRECTORS

Eligible participants

The directors and employees of the Company or any of its subsidiaries (including persons who are granted options under the Share Option Scheme as an inducement to enter into employment contracts with these companies), provided that the Board may have absolute discretion to determine whether or not one falls within the above category, and does not include any independent non-executive directors.

Maximum entitlement of each participant

Pursuant to the Share Option Scheme, the total number of shares issued and to be issued upon exercise of the share options granted to each grantee under the Share Option Scheme and any other schemes of the Company (including both exercised and outstanding options but excluding any options lapsed in accordance with the terms of the relevant scheme) in any 12-month period shall not exceed 1% of the shares of the Company in issue (excluding treasury shares) for the time being, unless such further grant is separately approved by shareholders in a general meeting. In addition, where any grant of options to a substantial shareholder of the Company, or any of his or her associate, would result in the shares of the Company issued and to be issued in respect of all options granted (excluding any options lapsed in accordance with the terms of the Share Option Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares of the Company in issue (excluding treasury shares) on the date of such grant, such further grant of options must be approved by the shareholders in a general meeting.

Exercise period

Pursuant to the Share Option Scheme, an option may be exercised by the grantee(s) after vested and within a maximum of ten years from the date of grant.

Vesting period

Subject to the performance targets (if any) as stipulated in the respective grant letters entered into by the Company and each of the grantees and all relevant necessary regulatory approvals having been obtained, all of the share options granted under the Share Option Scheme shall vest on the first anniversary of the date of grant.

Consideration and purchase price

HK\$1.00 shall be paid by each grantee upon acceptance of the options granted, within 28 days from the date of offer.

Basis of determining the exercise price

The exercise price of the share options under Share Option Scheme shall be determined by the Board in its absolute discretion but in any event must be at least the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

REPORT OF THE DIRECTORS



Maximum number of shares available for issue

Pursuant to the Share Option Scheme, the total number of shares which may be issued in respect of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue as at date of adoption, i.e. 123,787,504 shares, representing approximately 8.94% of the Company's issued share capital as at the date of this report.

Remaining life of the Share Option Scheme

As at the date of this report, the remaining life of the Share Option Scheme is approximately 9 years.

Further details of the Share Option Scheme are set out in Note 31 to the consolidated financial statements.

Details of the outstanding share options under the Share Options Scheme as at 31 December 2025 are as follows:

Name of grantee	Date of grant	Exercise price per share	Exercise period	Closing price immediately before the date of grant	Weighted average closing price of shares immediately before date of exercise	Fair value of options as at the date of grant	Number of share options				
							Outstanding as at 1 January 2025	Granted during the year ended 31 December 2025	Lapsed/ cancelled during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Outstanding as at 31 December 2025
Employees											
In aggregate	31 March 2025	HK\$1.33	31 March 2026 - 30 March 2035	HK\$1.32	N/A	RMB73,363,000	-	123,780,000	-	-	123,780,000

Notes:

- ⁽¹⁾ The fair value of the options as at the date of grant was calculated using the Binomial model, as further elaborated in Note 31 to the consolidated financial statements.
- ⁽²⁾ During the year ended 31 December 2025, the number of shares of the Company that may be issued in respect of the options granted under the Share Option Scheme above are 123,780,000 shares, representing approximately 10.0% of the weighted average number of issued shares for the year ended 31 December 2025.
- ⁽³⁾ The number of share options available for future grant under the existing scheme mandate limit of the Share Option Scheme was nil and 7,504, as at 1 January 2025 and 31 December 2025 respectively.

REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, chief executives and five highest paid individuals are set out in Note 14 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company
Mr. Chen He ⁽²⁾	Interest in a controlled corporation	21,250,000	1.69%
Mr. Qian Pengcheng ⁽³⁾	Interest in a controlled corporation	14,500,000	1.15%

Notes:

- ⁽¹⁾ All interests are long positions.
- ⁽²⁾ Silver Apex Holdings Limited is directly wholly owned by Mr. Chen He. Accordingly, Mr. Chen He is deemed to be interested in the 21,250,000 Shares held by Silver Apex Holdings Limited by virtue of the SFO.
- ⁽³⁾ Treasure Delight International Limited is directly wholly owned by Mr. Qian Pengcheng. Accordingly, Mr. Qian Pengcheng is deemed to be interested in the 14,500,000 Shares held by Treasure Delight International Limited by virtue of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

ISSUANCE OF SHARES OR DEBENTURES

The Company did not issue any shares during the year ended 31 December 2025 other than the shares issued pursuant to the placing set out in note 30 to the consolidated financial statements and the section headed "Fundraising Activities and Use of Proceeds" in this report.

During the year ended 31 December 2025, the Company did not issue any debentures.

REPORT OF THE DIRECTORS



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, the register of substantial shareholders required to be kept by our Company under Section 336 of Part XV of the SFO shows that as of 31 December 2025, in addition to the interests disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, our Company was notified of the following substantial shareholders' interests and short positions in the Shares and underlying Shares, being interests of 5% or more.

Name of Shareholder	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company
China Silver Group	Beneficial owner	500,000,033	39.70%
Mr. Yao Runxiong (姚潤雄)	Beneficial owner	100,000,000	7.94%

Notes:

⁽¹⁾ All interests are long positions.

Except as disclosed above, as at 31 December 2025, our Company had not been notified by any person or corporation who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by our Company under Section 336 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF OUR COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any treasury shares (as defined under the Listing Rules)) during the year ended 31 December 2025. The Company did not hold any treasury shares (as defined under the Listing Rules) at 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition with China Silver Group ("our Controlling Shareholder") and its close associates, on 13 February 2018, our Controlling Shareholder has executed a Deed of Non-Competition in favour of our Company, pursuant to which our Controlling Shareholder has undertaken to us that it will not, and that it will procure that its subsidiaries and parties controlled by it either solely or jointly with any other party (the "Affiliates") will not, solely or jointly or in cooperation with other parties, without our prior written consent, hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other business entity which is engaged or involved in, directly or indirectly, any activity or business which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group after the Listing (the "Restricted Business").

REPORT OF THE DIRECTORS

The non-competition undertaking does not apply to the holding of securities in a company that is engaged in the Restricted Business, provided that our Controlling Shareholder or its close associates does not individually and in aggregate hold or control the voting rights in respect of 10% or more of the issued share capital of such company.

Pursuant to the Deed of Non-Competition, our Controlling Shareholder has also undertaken that if it or any of its Affiliates become aware of any business opportunity relating to any Restricted Business (the **"Business Opportunity"**), it will notify us of such Business Opportunity as soon as they become aware of the same, and will use commercially reasonable efforts to assist our Group in pursuing such Business Opportunity. To the extent that the Business Opportunity is being made available by a third party to any of our Controlling Shareholder or its Affiliates, our Controlling Shareholder will use commercially reasonable efforts to procure that such Business Opportunity is first offered to our Group as soon as practicable on terms and conditions which are no less favourable than those offered to it or its Affiliates. Our Company will seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline such Business Opportunity. Our Controlling Shareholder will ensure that it or its Affiliates will be entitled to pursue the Business Opportunity only if: (i) it has received a notice from us declining such Business Opportunity and confirming that such Business Opportunity would not constitute competition with our core business; or (ii) it has not received any notice from us within a period of 10 Business Days (the **"Offer Notice Period"**) of us being notified by it of such Business Opportunity. The Offer Notice Period shall be extended to not more than 30 Business Days at the request of our independent non-executive Directors who do not have a material interest in the matter.

The undertakings given by our Controlling Shareholder under the Deed of Non-Competition are effective from 13 March 2018 and terminate on the earlier of: (i) the date on which our Controlling Shareholder cease to be our controlling shareholder as defined in the Listing Rules; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which our Group ceases to engage in the Restricted Businesses.

Our independent non-executive Directors will consider on an annual basis whether our Controlling Shareholder has complied with the terms set forth in the Deed of Non-Competition. Our independent non-executive Directors may appoint independent advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition at the cost of our Company. We will disclose in our annual report decisions or determinations, with basis, in relation to matters reviewed by the independent non-executive Directors regarding: (i) the Business Opportunities offered by any of our Controlling Shareholder to us; and (ii) whether any activity or business or proposed activity or business of any of our Controlling Shareholder or its Affiliates competes or is likely to compete, either directly or indirectly, with the Restricted Business.

To ensure our independent non-executive Directors being able to monitor the compliance with the Deed of Non-Competition, our Controlling Shareholder has undertaken in the Deed of Non-Competition to provide and to procure the provision to us all information necessary for the enforcement of the undertakings contained therein. Our Controlling Shareholder has further undertaken to make a statement in our annual report confirming its compliance with the terms of the Deed of Non-Competition.

Our Controlling Shareholder has provided a written confirmation to the Company confirming that it has complied with the terms of the Deed of Non-Competition for the year ended 31 December 2025. The independent non-executive Directors have also reviewed the status of compliance by our Controlling Shareholder and confirmed that, as far as they can ascertain, our Controlling Shareholder has complied with the terms of the Deed of Non-Competition.

REPORT OF THE DIRECTORS



DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, as of 31 December 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS

Details of the related party transactions during the year ended 31 December 2025 (the “**FY2025 Related Party Transactions**”) are set out in Note 37 to the consolidated financial statements. All of the FY2025 Related Party Transactions were connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules, in respect of which the Company had complied with the applicable requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2025. Except for the Non-fully Exempted Continuing Connected Transactions described below, all other FY2025 Related Party Transactions were fully exempt from the requirements under Chapter 14A of the Listing Rules pursuant to the de minimis threshold of HK\$3 million under Rule 14A.76(1)(c) of the Listing Rules.

As disclosed in the prospectus of the Company dated 28 February 2018 (the “**Prospectus**”), the Group has entered into certain continuing connected transactions with connected persons (as defined under the Listing Rules) which were not fully-exempted from reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules (the “**Non-fully Exempted Continuing Connected Transactions**”). Details of which are set out below.

We have, through our wholly owned subsidiaries, Shenzhen Guoyintongbao and Jiangxi Jiyin Company Limited (江西吉銀實業有限公司) (“**Jiangxi Jiyin**”), entered into a framework purchase agreement with Jiangxi Longtianyong on 19 February 2018 in relation to the Group’s sourcing of silver ingots and related raw materials from Jiangxi Longtianyong for the period from 13 March 2018 to 31 December 2020. On 16 November 2020, Jiangxi Jiyin and Jiangxi Longtianyong entered into a framework purchase agreement in relation to the Group’s sourcing of silver ingots from Jiangxi Longtianyong for the period from 1 January 2021 to 31 December 2023 (the “**2021-2023 Framework Purchase Agreement**”). The terms and annual caps for the three years ended 31 December 2021, 2022 and 2023 of the 2021-2023 Framework Purchase Agreement were approved by the independent shareholders at the extraordinary general meeting of the Company held on 28 December 2020. Details of the 2021-2023 Framework Purchase Agreement and the transactions are set out in the Company’s announcement and circular dated 16 November 2020 and 10 December 2020 respectively.

On 3 November 2023, Jiangxi Jiyin and Jiangxi Longtianyong entered into a framework purchase agreement in relation to the Group’s sourcing of silver ingots from Jiangxi Longtianyong for the period from 1 January 2024 to 31 December 2026 (the “**2024-2026 Framework Purchase Agreement**”). The terms and annual caps for the three years ending 31 December 2024, 2025 and 2026 of the 2024-2026 Framework Purchase Agreement were approved by the independent shareholders at the extraordinary general meeting of the Company held on 13 December 2023. Details of the 2024-2026 Framework Purchase Agreement and the transactions are set out in the Company’s announcement and circular dated 3 November 2023 and 23 November 2023 respectively. The annual cap for the year ended 31 December 2025 under the 2024-2026 Framework Purchase Agreement was RMB175.0 million and the total amount of purchase under the 2024-2026 Framework Purchase Agreement during the year ended 31 December 2025 was approximately RMB15.8 million.

REPORT OF THE DIRECTORS

Jiangxi Longtianyong (referred to in full as “江西龍天勇有色金屬有限公司” in Note 37 to the consolidated financial statements) is a wholly-owned subsidiary of China Silver Group, the immediate and ultimate holding company of the Company before 31 December 2025 and a related company of the Group following the placing on 31 December 2025. China Silver Group remains as a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Jiangxi Longtianyong is an associate of China Silver Group under Rule 14A.13(1) of the Listing Rules, and hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

The Non-fully Exempted Continuing Connected Transactions mentioned above have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms;
- (c) according to the relevant agreement governing the respective transactions on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) within the cap as set out in the circular dated 23 November 2023 of the Company for the year ended 31 December 2025.

The Company’s auditor was engaged to report on the Group’s Non-fully Exempted 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 Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the Non-fully Exempted Continuing Connected Transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

On 17 June 2025, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Yincai Trading Co., Ltd.* (江西銀彩貿易有限公司) (the “**Vendor**”), an independent third party of the Group, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% equity interest in Jiangxi Yiding Trading Co., Ltd.* (江西藝鼎貿易有限公司) (the “**Target Company**”) for a total consideration of RMB3,500,000. The Target Company is a company incorporated in the PRC with limited liability. The Target Company held 100% equity interest in Xizang Shigatse Huaye Mining Development Co., Ltd.* (西藏日喀則市華冶礦業開發有限公司) (“**Xizang Shigatse**”), a company incorporated in the PRC with limited liability. Xizang Shigatse is principally engaged in the exploration of lead and zinc mine. The Directors considered that the transaction above would advance the Company’s strategy to expand into upstream mining operations, which confers a greater control over raw material supply that is essential and brings synergy to the Company’s new jewellery retail business. The transaction was completed on 18 July 2025.

REPORT OF THE DIRECTORS



Prior to the acquisition, in June 2025, the Vendor acquired 75% and 25% equity interest in Xizang Shigatse from Mr. Chen Wancheng and Mr. Qu Haiqing, respectively, through the Target Company. Mr. Chen Wancheng is the father of Mr. Chen He, an executive director of the Company. Accordingly, Mr. Chen Wancheng is an associate of a connected person of Company. Taking into account the above relationships and the Vendor's recent acquisition of Xizang Shigatse through the Target Company, the Company considers that the Vendor, the Target Company and Xizang Shigatse are deemed connected persons of the Company. Accordingly, the transaction contemplated under the equity transfer agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of the transaction are set out in the announcements published on 17 June 2025 and 26 June 2025. Save as disclosed, for the year ended 31 December 2025, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules.

EQUITY-LINKED AGREEMENTS

Save for the share schemes and the subscription agreements under the Subscription as disclosed above, no equity-linked agreements that will or may result in the Company issuing Shares or requiring the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

We mainly operate in the PRC with most of the transactions settled in Renminbi and therefore have minimal exposure to foreign exchange risk. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis. For a detailed discussion, please refer to Note 3 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems of the Group. The Audit Committee has also reviewed and discussed with the external auditor the audited consolidated financial statements for the year ended 31 December 2025. The Audit Committee is of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

PERMITTED INDEMNITY PROVISION

Pursuant to article 191 of the Articles of Association, every Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of the duties of his office or otherwise in relation thereto (except such is incurred or sustained through his own fraud or dishonesty). Such provision is currently in force as of the date of this report and was in force throughout the year ended 31 December 2025.

The Company has taken out and maintained appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company throughout the year ended 31 December 2025.

REPORT OF THE DIRECTORS

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Shares.

CORPORATE GOVERNANCE

The Company is committed to the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 29 to 47 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, have been held by the public at all times for the year ended 31 December 2025 and up to the date of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by Linksfield CPA Limited.

Linksfield CPA Limited will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be submitted to the forthcoming annual general meeting of the Company for the re-appointment of Linksfield CPA Limited as auditor of the Company.

On behalf of the Board

Chen He
Chairman

Hong Kong, 25 March 2026

INDEPENDENT AUDITOR'S REPORT



LINKSFIELD CPA LIMITED
金道連城會計師事務所有限公司
Units 2001-02, 20/F., Podium Plaza, 5 Hanoi Road,
Tsim Sha Tsui, Hong Kong
香港尖沙咀河內道5號普基商業中心20樓2001-02室

TO THE SHAREHOLDERS OF MOUNT EVEREST GOLD GROUP COMPANY LIMITED (FORMERLY KNOWN AS CSMALL GROUP LIMITED)

(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Mount Everest Gold Group Company Limited (formerly known as CSMall Group Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 155, which comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory information.

Our opinion

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 IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Valuation of inventories
- Revenue recognition

Key audit matter

Valuation of inventories

We identified valuation of inventories as a key audit matter due to the significance of balance to the consolidated financial statements and significant management's judgment involved in the valuation process.

Referring to Notes 4 and 21 to the consolidated financial statements, the carrying amount of inventories in the consolidated statement of financial position as at 31 December 2025 amounted to RMB973,909,000, without any write-down being recognised.

As explained in Note 4 to the consolidated financial statements, the management regularly reviews its inventory levels and ageing analysis to identify potential valuation problem of inventories and estimates the net realisable value of those inventories based primarily on the current market conditions and subsequent selling price.

The estimations used in applying this methodology are subject to a higher degree of estimation uncertainty and subjectivity in management's judgment in respect of changes of market condition and customer needs.

How our audit addressed the key audit matter

Our procedures in relation to assessing the appropriateness of the valuation of the inventories included:

- Obtaining an understanding of the Group's inventory provision policy and the management's processes in identifying potential valuation problem of inventories;
- Testing the accuracy of the ageing analysis prepared by the management, on a sample basis, by tracing to good receipt notes;
- Assessing whether potential valuation problem of inventories was properly identified after taking into account the current market conditions and ageing analysis; and
- Comparing the actual selling prices of finished goods subsequent to year end and market quotations of similar inventory items on a sample basis, to their carrying amounts to check whether the finished goods are measured at the lower of cost and net realisable value.

Based on the procedures performed, we found that the estimates and judgment made by management in respect of the net realisable value of inventories, are supportable by the available evidence.

INDEPENDENT AUDITOR'S REPORT



KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Revenue recognition

The revenue of the Group mainly comprises income from sales of jewellery. For the year ended 31 December 2025, the recognised revenue of the Group was RMB486,969,000, referring to Note 6 to the consolidated financial statements.

We focused on this area due to the significance of the revenue to the consolidated financial statements and hence significant audit resources were spent on performing the audit procedures on revenue recognition.

For disclosure on the revenue recognition policy, please refer to Note 2.

Our procedures in relation to assessing the appropriateness of the accuracy of revenue included:

- Obtaining an understanding of processes and internal controls of revenue recognition;
- Performing testing on the design and execution effectiveness of key internal controls;
- Inspecting the sales contract on a sampling basis to identify the sales business contract and each individual performance obligation, and evaluated whether the point of time when the customer obtains control of the service as judged by the management meets the requirements of the IFRS Accounting Standards; and
- Performing analytical procedures and detailed tests to review the completeness, authenticity, cut-off of revenue accounting and the accuracy of disclosure.

Based on the procedures performed, we found the revenue transactions tested to be supported by the available evidence.

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 THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT



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 405 of the Hong Kong Companies Ordinance 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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.

LINKSFIELD CPA LIMITED

Certified Public Accountants

Chan Tsz Yeung

Practising Certificate Number: P08054

Hong Kong, 25 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Continuing operation			
Revenue	6	486,969	157,570
Cost of sales		(276,286)	(109,162)
Gross profit			
Other income, net	7	978	2,805
Other gains and (losses), net	8	251	(89)
Selling and distribution expenses		(22,685)	(15,482)
Administrative expenses		(86,675)	(23,580)
Reversal of (provision for) impairment loss under expected credit loss model, net	10	152	(2,301)
Share of losses of associates		(184)	-
Finance costs	9	(4,534)	(5,412)
Profit before income tax			
Income tax expense	11	(38,381)	(1,243)
Profit for the year from continuing operation			
Discontinued operation			
Loss for the year from discontinued operation	25	-	(44,609)
Gain on disposal of subsidiaries	25	41,246	-
Profit (loss) and total comprehensive income (expense) for the year			
		100,851	(41,503)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Profit (loss) and total comprehensive income (expense)			
for the year attributable to:			
Owners of the Company		102,763	(23,187)
Non-controlling interests		(1,912)	(18,316)
		100,851	(41,503)
Profit (loss) for the year attributable to owners of the Company arises from:			
Continuing operation		61,517	3,704
Discontinued operation		41,246	(26,891)
		102,763	(23,187)
Earnings (loss) per share for profit (loss) attributable to owners of the Company			
	15	RMB	RMB
Basic		0.083	(0.019)
Diluted		0.082	(0.019)
Earnings per share for profit from continuing operation attributable to owners of the Company			
	15		
Basic		0.050	0.003
Diluted		0.049	0.003

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	16	88,809	7,424
Goodwill	19	-	-
Right-of-use assets	17	2,911	3,314
Intangible assets	18	46,352	5,469
Investments in associates		3,316	-
Deferred tax assets	20	3,561	4,376
		144,949	20,583
Current assets			
Inventories	21	973,909	973,502
Trade and other receivables	22	129,815	93,158
Amount due from immediate holding company	23	-	17,286
Amounts due from related companies	23	18,494	-
Amounts due from fellow subsidiaries	23	-	15,038
Amount due from an associate	23	3,375	-
Income tax recoverable		-	736
Bank balances and cash	24	608,155	429,290
		1,733,748	1,529,010
Assets of a disposal group classified as held for sale	25	-	29,890
		1,733,748	1,558,900
Current liabilities			
Trade and other payables	26	201,393	72,639
Lease liabilities - current portion	27	197	336
Contract liabilities	28	3,932	5,577
Amount due to a fellow subsidiary	23	-	2,346
Amounts due to related companies	23	8,495	8,495
Amount due to a non-controlling interest	23	10,264	6,396
Income tax payable		26,233	8,501
Bank borrowings - current portion	29	116,630	89,000
		367,144	193,290
Liabilities directly associated with assets classified as held for sale	25	-	97,732
		367,144	291,022
NET CURRENT ASSETS		1,366,604	1,267,878
TOTAL ASSETS LESS CURRENT LIABILITIES		1,511,553	1,288,461

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	30	857	842
Share premium and reserves		1,510,756	1,312,459
Equity attributable to the owners of the Company			
Non-controlling interests		(60)	(25,044)
TOTAL EQUITY		1,511,553	1,288,257
Non-current liability			
Lease liabilities – non-current portion	27	–	204
		–	204
TOTAL EQUITY AND NON-CURRENT LIABILITY		1,511,553	1,288,461

The consolidated financial statements on pages 69 to 155 were approved and authorised for issue by the Board of Directors on 25 March 2026 and were signed on its behalf by:

Chen He
Director

Qian Pengcheng
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company									Attributable to non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contribution reserve RMB'000 (Note i)	Other reserve RMB'000 (Note ii)	Share options reserve RMB'000	Statutory reserve RMB'000 (Note iii)	Exchange reserve RMB'000	Retained profit RMB'000	Subtotal RMB'000		
At 1 January 2024	842	858,158	325,850	1,935	-	25,902	8	123,793	1,336,488	(9,178)	1,327,310
Acquisition of a subsidiary (Note iv)	-	-	-	-	-	-	-	-	-	2,450	2,450
Transfer	-	-	-	-	-	331	-	(331)	-	-	-
Loss and total comprehensive expense for the year	-	-	-	-	-	-	-	(23,187)	(23,187)	(18,316)	(41,503)
At 31 December 2024 and 1 January 2025	842	858,158	325,850	1,935	-	26,233	8	100,275	1,313,301	(25,044)	1,288,257
Issuance of shares upon placing	15	31,596	-	7,477	-	-	-	-	39,088	-	39,088
Share-based payment expenses	-	-	-	-	56,461	-	-	-	56,461	-	56,461
Disposal of discontinued operation	-	-	-	-	-	-	-	-	-	26,896	26,896
Transfer	-	-	-	-	-	10,836	-	(10,836)	-	-	-
Profit (loss) and total comprehensive income (expense) for the year	-	-	-	-	-	-	-	102,763	102,763	(1,912)	100,851
At 31 December 2025	857	889,754	325,850	9,412	56,461	37,069	8	192,202	1,511,613	(60)	1,511,553

Notes:

- i) The contribution reserve represents (a) net contribution from two fellow subsidiaries of the Group, included the funding and assets provided to the operation business of the Group prior to the reorganisation of the Group in preparation for listing (the "Reorganisation"), amounted to RMB224,000; (b) a subsidiary of the Group disposed of its 25% equity interest in an associate to China Silver Group Limited ("China Silver Group") for a consideration of RMB40 million during the year ended 31 December 2016. Loss on disposal of the associate of RMB753,000 was recognised in the contribution reserve as deemed distribution; and (c) During the year ended 31 December 2016, the Group disposed of its entire equity interest in a subsidiary to China Silver Group at nil consideration. Gain on disposal of a subsidiary of RMB3,009,000 was recognised in the contribution reserve as deemed contribution.
- ii) During the year ended 31 December 2025, the Company allotted 21,700,000 ordinary shares. Certain shares have been issued to investors, and the related proceeds have been recognised in share capital. Details are set out in Note 30.

In respect of deposits received for shares not yet issued of RMB7,477,000 as at 31 December 2025, the amounts was recognised in the other reserves. This classification reflects the Company's obligation to issue shares in due course, while acknowledging that the shares were not legally in issue as at 31 December 2025.

As at 31 December 2024, the other reserve represents the difference of (a) the consideration of RMB235,469,000 received of Pre-IPO investors for the issued shares of CSmall Group Limited BVI ("CSmall Group BVI"), a subsidiary of the Group, during the Reorganisation; and (b) the net asset value of CSmall Group BVI at the date of acquisition by the Company, amounted to RMB233,534,000 during the Reorganisation.
- iii) According to the relevant laws of the People's Republic of China (the "PRC"), the Group's subsidiaries established in the PRC have to transfer a portion of their profits after income tax to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.
- iv) During the year ended 31 December 2024, the Group acquired 51% equity interest in Jiangxi Letong New Materials Co., Ltd. ("Jiangxi Letong") from independent third parties by way of capital injection of RMB2,550,000 payable in cash to Jiangxi Letong. The transaction was completed on 21 August 2024. Details are set out in Note 32(ii)(a).

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Profit (loss) before income tax from:		
Continuing operation	97,986	4,349
Discontinued operation	41,246	(44,803)
Profit (loss) before income tax including discontinued operation	139,232	(40,454)
Adjustments for:		
Bank interest income	(371)	(707)
Share-based payment expenses	56,461	-
Amortisation of intangible assets	-	774
Depreciation of property, plant and equipment	3,583	3,557
Depreciation of right-of-use assets	403	3,223
Finance costs	4,534	5,887
Gain on disposal of subsidiaries	(41,246)	-
Impairment loss on goodwill	-	8,504
Write-off of property, plant and equipment	2,718	-
Share of loss of associates	184	-
(Reversal of) provision for impairment loss under expected credit loss model, net	(152)	30,359
Operating cash flows before movements in working capital	165,346	11,143
(Increase) decrease in inventories	(407)	6,491
Increase in trade and other receivables	(36,375)	(7,922)
Increase in trade and other payables	76,414	18,587
(Decrease) increase in contract liabilities	(1,645)	1,993
Cash generated from operations	203,333	30,292
Income tax paid	(19,098)	-
Net cash generated from operating activities	184,235	30,292
Cash flows from investing activities		
Net cash outflows of acquisition of an associate	(3,500)	-
Net cash outflows of acquisition of subsidiaries	(27,685)	(2,487)
Interest received	371	707
Advances to immediate holding company	(1,056)	(1,843)
Repayment from immediate holding company	12,266	-
Purchase of property, plant and equipment	(7,791)	(1,246)
Advances to fellow subsidiaries	(2,254)	(19,697)
Repayment from fellow subsidiaries	-	7,603
Advances to an associate	(3,375)	-
Purchase of intangible assets	(40,883)	(4,997)
Net cash outflows on disposal of subsidiaries	(174)	-
Net cash used in investing activities	(74,081)	(21,960)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
Cash flows from financing activities		
Proceeds from bank borrowings	116,630	92,000
Repayment of bank borrowings	(89,000)	(89,000)
Repayment of lease liabilities	(343)	(1,691)
Interest paid	(4,534)	(5,887)
Advances from a non-controlling interest	3,868	6,861
Repayment to a fellow subsidiary	-	(404)
Advance from a fellow subsidiary	2,528	440
Repayment to a related company	-	(397)
Net proceeds from issue of shares upon placing	39,088	-
Net cash generated from financing activities	68,237	1,922
Net increase in cash and cash equivalents	178,391	10,254
Cash and cash equivalents at the beginning of the year	429,764	419,510
Cash and cash equivalents of assets classified as held for sale	-	(474)
Cash and cash equivalents at the end of the year	608,155	429,290
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	608,155	429,290
Cash and cash equivalents of assets classified as held for sale	-	474
	608,155	429,764

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Mount Everest Gold Group Company Limited (formerly known as CSmall Group Limited the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 19 January 2017. The address of the registered office is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and principal place of business in Hong Kong of the Company is Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 March 2018.

The Company is an investment holding company. The Group operates the business of design and sale of gold, silver, colored gemstones, gem-set and other jewellery products in the People’s Republic of China (the “**PRC**”).

As at 31 December 2024, the Company was a subsidiary of China Silver Group Limited (“**China Silver Group**”), an exempted company incorporated in Cayman Islands with its shares also listed on the Stock Exchange. On 31 December 2025, the Company completed an allotment of 21,700,000 shares, resulting in a dilution of shareholding held by China Silver, and the Company became an associate of China Silver since then.

Pursuant to a special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 27 March 2025, the English name of the Company was changed from “CSmall Group Limited” to “Mount Everest Gold Group Company Limited” and the dual foreign name in Chinese of the Company was changed from “金貓銀貓集團有限公司” to “珠峰黃金集團有限公司”. The change of name was made effective from 29 April 2025.

On 17 June 2025, Jiangxi Jiying Company Limited* (江西吉銀實業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Yincai Trading Co., Ltd.* (江西銀彩貿易有限公司) (the “**Vendor**”), an independent third party, to acquire 35% equity interest in Jiangxi Yiding Trading Co., Ltd.* (江西藝鼎貿易有限公司) (the “**Target Company**”) for a consideration of RMB3,500,000. The Target Company, incorporated in the PRC, holds 100% equity interest in Xizang Shigatse Huaye Mining Development Co., Ltd.* (西藏日喀則市華冶礦業開發有限責任公司), which is engaged in lead and zinc mine exploration. The transaction was completed on 18 July 2025, and the Group’s interest in the Target Company has been accounted for as an associate under the equity method.

On 5 November 2024, Shenzhen Guojintongbao Company Limited* (深圳國金通寶有限公司) (“**Shenzhen Guojintongbao**” which is a wholly-owned subsidiary of the Group) entered into an equity transfer agreement with an independent third party, Shanghai Xinding Metallic Materials Co., Ltd.* (上海鑫鼎金屬材料有限公司) (“**Shanghai Xinding**”) to dispose of the Group’s 51% equity interest in Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) (together with its subsidiaries, the “**Nongmuren Group**” or the “**Disposal Group**”) to Shanghai Xinding at a consideration of RMB300,000. The transaction was completed on 13 January 2025.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

* The English name is for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention except for assets classified as held for sale that are measured at the lower of their previous carrying amount and fair value less costs to sell at the end of each reporting period.

2.1(a) New standards and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability
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The new standards and amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1(b) New standards and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1(b) New standards and amendments to IFRSs in issue but not yet effective (continued)

In July 2024, IASB issued IFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss and other comprehensive income, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The directors of the Company are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Certain new standards and amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to profit or loss, as part of the gain or loss on sale.

2.3 Business combination and asset acquisition

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired entity,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Business combination and asset acquisition (continued)

Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment losses. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is RMB, which is the Company's and the Group's presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

(iii) **Group companies**

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 “Financial Instruments” (“IFRS 9”). In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and retail shops that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.9 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Government grants

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans including the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group’s employer contributions vest fully with the employees when contributed to the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The PRC

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC-based employees are required to make monthly contributions to these plans calculated as a percentage of the employees’ salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees’ payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group’s contribution to the defined contribution retirement schemes are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits (continued)

Short-term employee benefits

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

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

Share-based payment

The Group operates an employee share options scheme. Information relating to the employee share options scheme is set out in Note 31. The fair value of the share options granted under the share options scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions (for example, the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit and loss, with a corresponding adjustment to equity.

Termination benefit

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits (continued)

Share-based compensation benefits

The Group operates a number of share-based compensation plans (including share option schemes and share award schemes), under which the Group receives services from employees and other qualifying participants as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services and other qualifying participants' services received in exchange for the grant of equity instruments of the Group is recognised as an expense over the vesting period, i.e., the period over which all of the specified vesting conditions are to be satisfied and credited to equity.

For grant of share options, the total amount to be expensed is determined by reference to the grant-date fair value of the options granted by using Binomial Model, which includes the impact of market performance conditions (such as the Company's share price) but excludes the impact of service condition and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group also adopts valuation and actuarial techniques to assess the grant-date fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate.

Non-market performance and service conditions are included in assumptions about the number of options and awarded shares that are expected to become vested.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When the vested equity instruments are later forfeited prior to expiry date, the amount previously recognised in share premium may be transferred to retained earnings. If the Group repurchases vested equity instruments, the payments made to the employees and other qualifying participants are accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognised as an expense.

If the terms of an equity-settled share-based award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees and other qualifying participants, as measured at the date of modification. Modifications of an equity-settled share-based award in a manner that is not beneficial to employees are not taken into account when determining the expenses to be recognised.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits (continued)

Share-based compensation benefits (continued)

Cash-settled share-based payment transactions are those arrangements where the terms provide the Group to settle the transaction in cash. For cash-settled share-based payment, a liability is recognised at the current fair value determined at the end of the reporting period to the extent of the portion of the services received until the date of settlement, with any changes in fair value recognised in profit or loss.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 profits will be available to allow all or part of the asset to be recovered.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Taxation (continued)

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Exploration rights and assets

Exploration rights and assets are stated at cost less impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and amortisation and depreciation charges in respect of assets consumed during the exploration activities.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining rights and reserves and depreciated/amortised by the unit of production ("UOP") method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining rights and reserves. Exploration rights and assets are written off to profit or loss if the exploration property is abandoned.

Mining rights and reserves

Mining rights and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining rights and reserves include the cost of acquiring mining licences and exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights and reserves are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights and reserves are written off to profit or loss if the mining property is abandoned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Impairment of property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets (including exploration rights and assets) are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Impairment of property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.16 Inventories

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

2.17 Provisions

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

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

2.18 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Disposal group held for sale and Discontinued operation

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. It is measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidation statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidation statement of financial position.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the consolidated statement of profit or loss and other comprehensive income in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Investments in associates

An associate is an entity over which the Group has 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investments in associates is accounted for using the equity method from the date on which the investees become associates. On acquisition of the investment in associates, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within 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 the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 IAS 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 IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Investments in associates (continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Changes in the Group's interests in associates

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, refundable rental deposits, restricted bank balances, pledged bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets that are credit-impaired or with significant outstanding balance is assessed individually. The ECL on the remaining balance is assessed collectively using a provision matrix with appropriate groupings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

v) Measurement and recognition of ECL

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

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade, bills and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

3 FINANCIAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes amount due to a fellow subsidiary, amounts due to related companies, amount due to non-controlling interests and lease liabilities as disclosed in Notes 23 and 27, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will take appropriate actions to balance its overall capital structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount due from immediate holding company, amounts due from related companies, amounts due from fellow subsidiaries, amount due from an associate, bank balances and cash, trade and other payables, lease liabilities, amount due to a fellow subsidiary, amount due to a non-controlling interests, amounts due to related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency of the respective entities at the end of the reporting period are mainly as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Hong Kong dollar ("HK\$")	718	146	19,112	540
United States dollar	7,369	4	-	-

The Group currently does not have a foreign currency hedging policy. However, the management of the Company will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

Sensitivity analysis

The analysis measures the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the RMB against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. A positive number below indicates an increase in profit for the year and other equity where RMB strengthen 5% (2024: 5%) against the relevant currency. For a 5% (2024: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year and the amounts below would be negative.

There was no significant foreign currency risk for as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see Notes 24 and 29 for details) and fair value interest rate risk in relation to lease liabilities (see Note 27 for details) and fixed-rate bank borrowing (see Note 29 for details).

The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the directors of the Company consider the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

(ii) Credit risk and impairment assessment

At the end of the reporting period, the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position as trade and other receivables, amount due from immediate holding company, amounts due from related companies, amounts due from fellow subsidiaries and amount due from an associate and bank balances, which those best represent the Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables balances individually or based on provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers, taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort.

The Group has concentration of credit risk in relation to its trade receivables as shown below, these balances are mainly due from debtors with good repayment history.

	2025	2024
Amount due from the largest debtor as a percentage to total trade receivables	34%	37%
Total amount due from the five largest debtors as a percentage to total trade receivables	83%	85%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Other financial assets

The Group's internal credit risk grading assessment on financial assets other than trade receivables comprises the following categories:

Internal credit rating	Description	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and may have any past-due amounts but usually settle after due date	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Other financial assets (continued)

Amount due from immediate holding company

As at 31 December 2024, the credit risk arising from amount due from immediate holding company of approximately RMB17,286,000 is limited and classified as low risk after assessing its financial background. The assessed ECL for the amount due from immediate holding company is insignificant and no allowance is recognised. There was no balance due from immediate holding company as at 31 December 2025.

Amounts due from related companies

As at 31 December 2025, the credit risk arising from amounts due from related companies of approximately RMB18,494,000 (2024: nil) is limited and classified as low risk after assessing its financial background (2024: nil). The assessed ECL for the amounts due from related companies are insignificant and no allowance is recognised (2024: nil).

Amounts due from fellow subsidiaries

As at 31 December 2024, the credit risk arising from amounts due from fellow subsidiaries of approximately RMB15,038,000 is limited and classified as low risk after assessing their financial background. The assessed ECL for the amounts due from fellow subsidiaries is insignificant and no allowance is recognised. There was no balance due from fellow subsidiaries as at 31 December 2025.

Amount due from an associate

As at 31 December 2025, the credit risk arising from amount due from an associate of approximately RMB3,375,000 (2024: nil) is limited and classified as low risk after assessing its financial background (2024: nil). The assessed ECL for the amounts due from an associate are insignificant and no allowance is recognised (2024: nil).

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with good reputation.

As at 31 December 2025, the cash and cash equivalents were deposited in reputable financial institutions in the PRC. The Group had certain concentration of credit risk as 99.8% (2024: 99.6%) of the total of cash and cash equivalents was deposited with one financial institution in the PRC. The directors of the Company do not expect any losses from non-performance by these counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	31 December 2025		31 December 2024	
					Gross carrying amount RMB'000	RMB'000	Gross carrying amount RMB'000	RMB'000
Financial assets at amortised cost								
Trade receivables	22	N/A	Note 1	Lifetime ECL (Collective assessment)	66,405		56,375	
	22	N/A	Note 1	Lifetime ECL (Individually)	8,988		8,852	
	22	N/A	Note 1	Lifetime ECL (Individually and credit-impaired)	8,005	83,398	8,302	73,529
Refundable deposits and other receivables (included in other receivables and deposits)	22	N/A	Low risk (Note 2)	12m ECL	-		-	
	22	N/A	Loss (Note 2)	Lifetime ECL - credit impaired	-		-	
	22	N/A	Low risk (Note 3)	12m ECL	18,850	18,850	5,289	5,289
Amounts due from related companies	23	N/A	Low risk (Note 3)	12m ECL		18,494		-
Amount due from immediate holding company	23	N/A	Low risk (Note 3)	12m ECL		-		17,286
Amounts due from fellow subsidiaries	23	N/A	Low risk (Note 3)	12m ECL		-		15,038
Amount due from an associate	23	N/A	Low risk (Note 3)	12m ECL		3,375		-
Bank balances	24	P-1	Low risk (Note 4)	12m ECL		608,041		429,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes:

- 1) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired or with significant outstanding balances, the Group determines the expected credit losses on these items by using a provision matrix.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its debtors except for those that with significant outstanding balances or credit-impaired. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

Continuing operation

	2025			2024		
	Trade receivables RMB'000	Average loss rate	Expected credit loss RMB'000	Trade receivables RMB'000	Average loss rate	Expected credit loss RMB'000
Current (not past due)	59,869	3.82%	2,289	48,293	3.22%	1,554
1-30 days past due	2,554	7.76%	198	377	5.86%	22
31-60 days past due	83	17.89%	15	144	15.19%	22
61-90 days past due	76	22.15%	17	113	18.84%	21
More than 90 days past due	3,823	74.61%	2,853	7,448	62.96%	4,690
	66,405		5,372	56,375		6,309

Discontinued operation

	2024		
	Trade receivables RMB'000	Average loss rate	Expected credit loss RMB'000
More than 90 days past due	8,225	100.00%	8,225

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes: (continued)

- 1) During the year ended 31 December 2025, the Group provided RMB5,372,000 (2024: RMB6,309,000) impairment allowance for trade receivables based on collective assessment. Debtors with significant outstanding balances but not credit-impaired and debtors with significant outstanding balances but credit-impaired amounted to RMB8,988,000 and RMB8,005,000 respectively (2024: RMB8,852,000 and RMB8,302,000) were assessed individually. During the year ended 31 December 2025, the Group provided RMB4,861,000 and RMB8,005,000 (2024: RMB3,779,000 and RMB8,302,000) impairment allowance for both significant outstanding balances but not credit-impaired and credit-impaired respectively.

The following table shows reconciliation of loss allowances that has been recognised for trade receivables.

Continuing operation

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2024	13,628	8,593	22,221
- Reclassified to discontinued operation (Note 25)	(5,699)	(433)	(6,132)
- Impairment losses recognised	2,159	142	2,301
At 31 December 2024 and 1 January 2025	10,088	8,302	18,390
- Impairment losses reversed	(937)	(297)	(1,234)
- Impairment losses recognised	1,082	-	1,082
At 31 December 2025	10,233	8,005	18,238

Discontinued operation

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2024	-	-	-
- Reclassified from continuing operation (Note 25)	5,699	433	6,132
- Impairment losses recognised	2,093	-	2,093
At 31 December 2024 and 1 January 2025	7,792	433	8,225
- Disposal of subsidiaries	(7,792)	(433)	(8,225)
At 31 December 2025	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes: (continued)

- 2) As part of the Group's credit risk management, the Group uses counterparties' aging to assess the impairment. The following table provides information about the exposure to credit risk for other receivables within the discontinued operation which are assessed on a collective basis by using provision matrix within 12 month ECL or lifetime ECL for the year ended 31 December 2024.

Gross carrying amount

	Other receivables RMB'000	2024 Average loss rate	Expected credit loss RMB'000
Current (not past due)	1	2.63%	-
More than 90 days past due	44,015	72.30%	31,824
	44,016		31,824

The estimated loss rates are estimated based on external credit ratings and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2025, the Group provided nil (2024: RMB31,824,000) impairment allowance for other receivables based on collective assessment.

The following table shows reconciliation of loss allowances that has been recognised for these other receivables.

Continuing operation

	RMB'000
As 1 January 2024	5,859
Reclassified to discontinued operation (Note 25)	(5,859)
As at 31 December 2024, 1 January 2025 and 31 December 2025	-

Discontinued operation

	RMB'000
At 1 January 2024	-
Reclassified from continuing operation (Note 25)	5,859
Impairment losses recognised	25,965
At 31 December 2024 and 1 January 2025	31,284
Disposal of subsidiaries	(31,284)
At 31 December 2025	-

- 3) For refundable deposits and other receivables, the Group measures the loss allowance equal to 12m ECL. For amounts due from related companies and an associate, the Group applies internal credit risk management to assess whether credit risks has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. The credit risk on refundable deposits and other receivables is limited having considered the credit quality of the counterparties and the probability of default is negligible. Therefore, no impairment allowance is made on these balances.
- 4) Bank balances are deposited with financial institutions with high credit rating and are considered low credit risk financial assets. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of their high-credit ratings. Therefore, no impairment allowance is made on these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(iii) Liquidity risk

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025							
Trade payables	-	15,152	-	-	-	15,152	15,152
Amount due to a non-controlling interest	-	10,264	-	-	-	10,264	10,264
Other payables	-	99,012	-	-	-	99,012	99,012
Lease liabilities	5.32	29	57	115	-	201	197
Amounts due to related companies	-	8,495	-	-	-	8,495	8,495
Bank borrowings - variable rate	4.47	108,130	-	-	-	108,130	108,130
Bank borrowings - fixed rate	3.75	28	52	8,555	-	8,635	8,500
		241,110	109	8,670	-	249,889	249,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2024							
Trade payables	-	20,456	-	-	-	20,456	20,456
Amount due to a non-controlling interest	-	6,396	-	-	-	6,396	6,396
Other payables	-	2,435	-	-	-	2,435	2,435
Lease liabilities	5.32	29	58	261	203	551	540
Amounts due to related companies	-	8,495	-	-	-	8,495	8,495
Amount due to a fellow subsidiary	-	2,346	-	-	-	2,346	2,346
Bank borrowings - variable rate	4.95	347	640	80,099	-	81,086	80,000
Bank borrowings - fixed rate	4.25	34	62	9,066	-	9,162	9,000
		40,538	760	89,426	203	130,927	129,668

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

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

The fair values of these financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The management regularly reviews its inventory levels and ageing analysis in order to identify potential valuation problem of inventories. The management estimates the net realisable value of those inventories based primarily on the current market conditions and subsequent selling price. The Group makes allowance for inventory when the Group identifies items of inventories which have a net realisable value that is lower than its carrying amount.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for certain of its trade receivables. The provision rates are based on historical default rates of various debtors that have similar loss patterns. The provision matrix is based on the shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers, taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables that are credit-impaired or with significant outstanding balances are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the trade receivables and the Group's ECL are disclosed in Notes 22 and 10, respectively.

Business combinations

Business combinations are accounted for under the acquisition method. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. Although the Group believes that the assumptions and estimates applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material, see Note 32 for details.

Provision of ECL for amounts due from related companies

Impairment of amounts due from related companies is assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL. Assessment are done based on the Group's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The provision of ECL is sensitive to changes in estimates. The information about amounts due from related companies and its ECL are disclosed in Notes 23 and 3, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of property, plant and equipment, right-of-use assets, intangible assets

Property, plant and equipment, right-of-use assets and intangible assets with a finite useful life are stated at costs less accumulated depreciation and accumulated amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. In estimating the future cash flows, the management of the Group takes into account the exploration potentials, production costs and operating costs. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Estimation of the fair value of the share options

The determination of the fair value of the share options granted require estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the share options and the number of share options that are expected to be vested. Where the outcome of the number of share options that are vested is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vesting period of the relevant share options.

5 SEGMENT INFORMATION

The Group has one operating and reportable segment (2024: one segment). Management determines the operating segment based on the information reported to the Group's CODMs (i.e. the executive directors of the Company). The CODMs assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in the business of designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC ("**New Jewellery Retail segment**"). Accordingly, there is only one operating and reportable segment.

The operation of Fresh Food Retail segment of the Group was discontinued and disposed during the year ended 31 December 2025. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in more details in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

(a) Geographical information

The Group's operations are located in the PRC. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Continuing operation				
The mainland of the PRC	486,969	157,570	141,198	15,672
Hong Kong	-	-	190	535
	486,969	157,570	141,388	16,207

Note: Non-current assets excluded deferred tax assets.

(b) Information about major customer

During the years ended 31 December 2025 and 2024, there is no single customer contributed 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE

i) Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
Continuing operation		
By products		
- Sales of gold products	247,370	15,629
- Sales of silver products	236,008	137,643
- Sales of gem-set and other jewellery products	1,842	724
- Sales of colored gemstones	1,749	3,574
Total	486,969	157,570
By sales channels		
Online sales channels (Note i)	173,895	105,774
Offline retail and service network		
- Shenzhen Exhibition Hall (Note ii)	312,385	51,283
- CSmall Shops (Note iii)	689	513
	313,074	51,796
Total	486,969	157,570

All of the revenue are recognised at a point in time during the years ended 31 December 2025 and 2024.

Notes:

- i) Through various third-party online sales channels, including television and video shopping channels, e-commerce platform and instant messenger, sales orders are received from customers online and delivery is initiated and arranged by the channels.
- ii) It represents jewellery products exhibition hall self-operated by the Group located in Shuibe, Shenzhen.
- iii) It represents physical franchised CSmall Shops selling jewellery products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (continued)

ii) Performance obligations for contracts with customers

The Group sells gold products, silver products, colored gemstones and gem-set and other jewellery products to (i) the wholesale market through self-operated online platform and offline retail and service network and (ii) directly to customers through self-operated online platform, third-party online sales channels and offline retail and services network.

For sales to the wholesale market, revenue is recognised when control of the goods is transferred, being the time when products are delivered to the wholesaler's specific location. Upon delivery, the wholesalers have full discretion over the manner of distribution and pricing to sell the goods, and they also bear the risks of obsolescence and loss in relation to the goods. The credit term granted to the wholesalers is 30 to 90 days from invoice date, and deposits received in advance are recognised as contract liabilities.

For sales directly to customers, revenue is recognised when goods are delivered or picked up, being the time when customers obtain control over the goods. The customers have a seven-day free return for jewellery products through online sales channels provided that the products are returned in their original state without damage. However, gold bars and silver bars are not returnable unless they are proved inauthentic and all other goods through offline retail and services network are not returnable. The Group uses its accumulated historical experience to estimate the number of return and considered that it is insignificant. Payments from the customers are made immediately upon or before delivery of the products. Payments received in advance are recognised as contract liabilities.

iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers for the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7 OTHER INCOME, NET

	2025 RMB'000	2024 RMB'000
Continuing operation		
Government grants (Note)	245	2,037
Bank interest income	371	707
Others	362	61
	978	2,805

Note: For the year ended 31 December 2025, government grants were received from the local government of the PRC as an incentives to promote the development of cultural industries and support projects that foster cultural innovation and diversity (2024: incentives for foreign trade export subsidies and a financial support to reduce employee turnover). There are no unfulfilled conditions attached to the grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



8 OTHER GAINS AND (LOSSES), NET

	2025 RMB'000	2024 RMB'000
Continuing operation		
Net exchange gain (loss)	251	(89)

9 FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Continuing operation		
Interest on bank borrowings	4,514	5,376
Interest on lease liabilities	20	36
	4,534	5,412

10 REVERSAL OF (PROVISION FOR) IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025 RMB'000	2024 RMB'000
Continuing operation		
Reversal of (provision for) impairment loss recognised in respect of trade receivables, net	152	(2,301)

Details of impairment assessment are set out in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Continuing operation		
The PRC Enterprise Income Tax ("EIT")		
- Current year	38,579	4,499
- Overprovision in respect of prior years	(1,013)	(2,606)
	37,566	1,893
Deferred taxation – current year	815	(650)
	38,381	1,243

The Group had no assessable profits subject to tax in any jurisdictions other than the PRC for both years.

Under the Law of the PRC on EIT (the "EIT Law") and its related implementation regulations, the Group's PRC subsidiaries are subject to the PRC EIT at the statutory rate of 25% from 1 January 2008 onward.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	97,986	4,349
Tax at the domestic income tax rate of 25% (2024: 25%)	24,497	1,087
Tax effect of expenses not deductible for tax purpose	15,793	2,983
Tax effect of income not taxable for tax purpose	(326)	(426)
Tax effect of utilisation of tax loss previously not recognised	(1,862)	(2,069)
Tax effect of tax losses not recognised	1,106	2,199
Tax effect of share of results of an associate	46	-
Overprovision in respect of prior years	(1,013)	(2,606)
Effect of different tax rates of subsidiaries operating in other jurisdictions	140	75
Income tax expense for the year	38,381	1,243

Details of deferred tax recognised are set out in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROFIT FOR THE YEAR

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2025 RMB'000	2024 RMB'000
Continuing operation		
Directors' emoluments (Note 14)	1,926	1,594
Other staff costs:		
- Salaries and other allowances	12,333	11,419
- Retirement benefit scheme contributions	1,321	1,287
Total staff costs	15,580	14,300
Auditor's remuneration	1,052	1,062
Cost of inventories recognised as expenses (included in cost of sales)	276,286	109,162
Depreciation of property, plant and equipment	3,583	3,495
Depreciation of right-of-use assets	403	1,698
Share-based payment expenses	56,461	-
Write-off of property, plant and equipment	2,718	-
Expenses relating to short-term leases	1,945	2,304

13 DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

i) Director's and Chief Executive's emoluments

Details of the emoluments paid or payable to the directors of the Company during the year are as follows:

	Directors' fees RMB'000	Salaries and other allowances RMB'000	Bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025					
Executive directors					
Mr. Chen He <i>(Chief Executive Officer)</i>	184	108	-	23	315
Mr. Qian Pengcheng	553	105	-	23	681
Ms. Huang Wen (Note)	184	167	-	24	375
	921	380	-	70	1,371
Independent non-executive directors					
Mr. Yu Leung Fai	185	-	-	-	185
Mr. Hu Qilin	185	-	-	-	185
Mr. Zhang Zuhui	185	-	-	-	185
	555	-	-	-	555
Total	1,476	380	-	70	1,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS
(continued)

i) Director's and Chief Executive's emoluments (continued)

	Directors' fees RMB'000	Salaries and other allowances RMB'000	Bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024					
Executive directors					
Mr. Chen He <i>(Chief Executive Officer)</i>	185	120	-	15	320
Mr. Qian Pengcheng	554	114	-	15	683
Ms. Huang Wen (Note)	18	17	-	1	36
	757	251	-	31	1,039
Independent non-executive directors					
Mr. Yu Leung Fai	185	-	-	-	185
Mr. Hu Qilin	185	-	-	-	185
Mr. Zhang Zuhui	185	-	-	-	185
	555	-	-	-	555
Total	1,312	251	-	31	1,594

Note: Appointed on 25 November 2024.

The emoluments of the executive directors shown above are for their services as directors and employees in connection with the management of the affairs of the Company and the Group during both years.

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2025 (2024: nil).

Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

i) Director's and Chief Executive's emoluments (continued)

Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, the Company did not pay consideration to any third parties for making available directors' services (2024: nil).

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2025, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2024: nil).

Directors' material interests in transactions, arrangements or contracts

Except for the related party transaction disclosed in Note 37, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly to indirectly; subsisted as at 31 December 2025 or at any time during the year ended 31 December 2025 (2024: nil).

ii) Five highest paid employees

Two directors of the Company were included in the Group's five highest paid individuals for the year ended 31 December 2025 (2024: two). The emoluments of the remaining three (2024: three) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	1,699	1,395
Bonus	-	-
Retirement benefit scheme contributions	65	40
	1,764	1,435

Their emoluments were within the following band:

	Number of employees	
	2025	2024
Not exceeding to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

ii) Five highest paid employees (continued)

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors of the Company and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors waived or agreed to waive any emolument during both years.

15 EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

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

	2025	2024
Profit (loss) (RMB'000)		
Profit for the year attributable to owners of the Company from continuing operation for the purpose of basic earnings per share	61,517	3,704
Profit (loss) for the year attributable to owners of the Company from discontinued operation for the purpose of basic earnings (loss) per share	41,246	(26,891)
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	102,763	(23,187)
Number of shares (in thousand)		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,237,934	1,237,875
Basic earnings (loss) per share (RMB)		
From continuing operation attributable to the owners of the Company	0.050	0.003
From discontinued operation	0.033	(0.022)
Total basic earnings (loss) per share attributable to the owners of the Company	0.083	(0.019)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 EARNINGS (LOSS) PER SHARE (continued)

(b) Diluted earnings (loss) per share

The calculations of the diluted earnings (loss) per share attributable to owners of the Company are based on the following data:

	2025	2024
Profit (loss) (RMB'000)		
Profit for the year attributable to owners of the Company from continuing operation for the purpose of diluted earnings per share	61,517	3,704
Profit (loss) for the year attributable to owners of the Company from discontinued operation for the purpose of diluted earnings (loss) per share	41,246	(26,891)
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	102,763	(23,187)
Number of shares (in thousand)		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,237,934	1,237,875
Adjustment for share options	15,493	-
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	1,253,427	1,237,875
Diluted earnings (loss) per share (RMB)		
From continuing operation attributable to the owners of the Company	0.049	0.003
From discontinued operation	0.033	(0.022)
Total diluted earnings (loss) per share attributable to the owners of the Company	0.082	(0.019)

For the year ended 31 December 2025, the share options granted to the employees by the Company have potential dilutive effect on the earnings per share determined under treasury stock method.

For the year ended 31 December 2024, there were no potential dilutive instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Leasehold improvement RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold land and buildings RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
As at 1 January 2024	1,698	20,313	1,398	4,317	-	331	28,057
Additions	-	-	-	1,246	-	-	1,246
Reclassified as held for sale (Note 25)	-	-	(304)	-	-	(331)	(635)
As at 31 December 2024 and 1 January 2025	1,698	20,313	1,094	5,563	-	-	28,668
Additions	-	6,607	-	1,184	-	-	7,791
Additions upon acquisition of subsidiaries (Note 32(i)(a))	-	-	-	-	79,895	-	79,895
Write-off	-	(13,549)	(151)	-	-	-	(13,700)
As at 31 December 2025	1,698	13,371	943	6,747	79,895	-	102,654
Depreciation							
As at 1 January 2024	644	13,091	1,041	3,139	-	-	17,915
Provided for the year	165	2,975	108	309	-	-	3,557
Reclassified as held for sale (Note 25)	-	-	(228)	-	-	-	(228)
As at 31 December 2024 and 1 January 2025	809	16,066	921	3,448	-	-	21,244
Provided for the year	166	1,394	21	654	1,348	-	3,583
Write-off	-	(10,839)	(143)	-	-	-	(10,982)
As at 31 December 2025	975	6,621	799	4,102	1,348	-	13,845
Carrying values							
As at 31 December 2025	723	6,750	144	2,645	78,547	-	88,809
As at 31 December 2024	889	4,247	173	2,115	-	-	7,424

The above items of property, plant and equipment, after taking into account their estimated residual values, are depreciated on a straight-line basis, at the following rates per annum:

Plant and machinery	10%
Leasehold improvements	20%
Office equipment	20%
Motor vehicles	20%
Leasehold land and buildings	20 years or the term of the relevant land lease, whichever is shorter

The Group has pledged leasehold land and buildings with a carrying value of approximately RMB48,166,000 (2024: nil) to secure general banking facilities set out in Note 29 for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
At 31 December 2025			
Carrying amount	2,721	190	2,911
At 31 December 2024			
Carrying amount	2,779	535	3,314
For the year ended 31 December 2025			
Depreciation charge	58	345	403
For the year ended 31 December 2024			
Depreciation charge	20	3,203	3,223
		Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Expenses relating to short term leases		1,945	2,304
Total cash outflow for leases		363	1,964
Additions to right-of-use assets		-	676
Additions upon acquisition of a subsidiary subsidiary (Note 32(ii)(a))		-	2,799
Reclassified as held for sale (Note 25)		-	1,362

For both years, the Group leases office premises, showrooms, warehouse and retail shops for its operations. Majority of lease contracts are entered into for lease terms of one to two years for the year ended 31 December 2025 (2024: one to two years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease terms and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises and retail shops. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB197,000 (2024: RMB540,000) are recognised with related right-of-use assets of RMB2,911,000 (2024: RMB3,314,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Exploration right RMB'000 (Note ii)	System software RMB'000 (Note i)	Platform RMB'000	Total RMB'000
Cost				
As at 1 January 2024	-	8,795	6,970	15,765
Addition upon acquisition of a subsidiary (Note 32(ii)(a))	472	-	-	472
Addition	4,997	-	-	4,997
Reclassified as held for sale (Note 25)	-	-	(6,970)	(6,970)
As at 31 December 2024 and 1 January 2025	5,469	8,795	-	14,264
Addition	40,883	-	-	40,883
As at 31 December 2025	46,352	8,795	-	55,147
Amortisation				
As at 1 January 2024	-	8,795	1,549	10,344
Provided for the year	-	-	774	774
Reclassified as held for sale (Note 25)	-	-	(2,323)	(2,323)
As at 31 December 2024, 1 January 2025 and 31 December 2025	-	8,795	-	8,795
Carrying values				
As at 31 December 2025	46,352	-	-	46,352
As at 31 December 2024	5,469	-	-	5,469

Notes:

- i) The system software is amortised on a straight-line basis over its estimated useful lives of 3 to 5 years.
- ii) The exploration right under Tibet Longtianyong Mining Company Limited (西藏龍天勇礦業有限公司) ("Tibet Longtianyong") is stated at cost less impairment losses.

* The English name is for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 GOODWILL

	RMB'000
Cost	
As at 1 January 2024	12,476
Reclassified as held for sale (Note 25)	(12,476)
As at 31 December 2024, 1 January 2025 and 31 December 2025	-
Impairment	
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	-
Carrying values	
As at 31 December 2025	-
As at 31 December 2024	-

Goodwill from acquisition of Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) ("Jiangsu Nongmuren") was allocated to the Group's cash-generating unit of integrated online-and-offline sales of fresh food in the PRC. The goodwill has been reclassified to the assets of a disposal group classified as held for sale as disclosed in Note 25.

* The English name is for identification only.

20 DEFERRED TAXATION

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	3,561	4,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 DEFERRED TAXATION (continued)

The followings are the major deferred tax assets recognised and movements thereon during the current and prior years:

	Unrealised profit RMB'000	ECL provision RMB'000	Fair value adjustments on business combination RMB'000	Total RMB'000
As at 1 January 2024	1,180	2,546	(1,355)	2,371
Credited to profit or loss	110	540	194	844
Reclassified as held for sale (Note 25)	-	-	1,161	1,161
As at 31 December 2024 and 1 January 2025	1,290	3,086	-	4,376
Charged to profit or loss	(777)	(38)	-	(815)
As at 31 December 2025	513	3,048	-	3,561

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong of HK\$5,121,000 (equivalent to approximately RMB4,461,000) (2024: HK\$4,307,000 (equivalent to approximately RMB3,711,000)) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams. All losses may be carried forward indefinitely.

As at 31 December 2025, the Group has tax losses arising in the PRC of RMB41,918,000 (2024: RMB43,943,000) available for offset against future profits that may be carried forward for up to five years for EIT purpose. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by the PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB560,938,000 as at 31 December 2025 (2024: RMB444,204,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	547,776	468,394
Finished goods	426,133	505,108
	973,909	973,502

Note: As at 31 December 2025, the carrying amounts of raw materials aged less than 1 year and over 1 year are RMB105,901,000 (2024: RMB2,633,000) and RMB441,875,000 (2024: RMB465,761,000), respectively.

22 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables for contracts with customers	83,398	73,529
Less: allowance for expected credit losses in respect of trade receivables	(18,238)	(18,390)
	65,160	55,139
Other receivables and deposits	30,764	24,528
Prepayments to suppliers	1,466	6,126
Value-added tax ("VAT") recoverable	32,326	6,572
Refundable rental deposits	99	793
	129,815	93,158

The Group does not grant any credit period to its retail customers and generally grants its corporate customers a credit period ranging from 1 to 90 days and requires advance deposits for 30% to 100% of the contract value from its customers before delivery of goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of the Group's trade receivables net of allowance for expected credit losses presented based on the invoice dates at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	62,576	45,660
31 to 60 days	28	744
61 to 90 days	11	305
Over 90 days	2,545	8,430
	65,160	55,139

As at 31 December 2025, included in the Group's trade receivables, net of allowance of credit losses were debtors with aggregate carrying amount of RMB4,941,000 (2024: RMB9,582,000) which were past due as at the reporting date. Out of the past due balances, RMB2,363,000 (2024: RMB8,330,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 3.

23 AMOUNT(S) DUE FROM/(TO) IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/RELATED COMPANIES/A NON-CONTROLLING INTEREST/AN ASSOCIATE

As at 31 December 2025, the amounts due from related companies and an associate and the amounts due to related companies and a non-controlling interest were non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2024, the amount due from immediate holding company, China Silver Group was non-trade in nature, unsecured, interest-free and repayment on demand. Following the placing on 31 December 2025, China Silver Group became a related company of the group.

Amounts due to related companies represent (i) an amount of RMB7,735,000 (2024: RMB7,735,000) due to a museum in the PRC, namely 景寧畚族自治縣畚銀博物館, of which Mr. Chen He, being an executive director of the Company is one of the operating committee members, and (ii) an amount of RMB760,000 (2024: RMB760,000) due to 江西金貓銀貓支付有限公司 ("Jiangxi CSMall Payment") which is a wholly owned subsidiary of Shenzhen Yinruiji Cultural Development Company Limited, a company controlled by Mr. Qian Pengcheng, being an executive director of the Company. The amounts are non-trade in nature, unsecured, interest-free and repayable on demand as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates ranging from 0.00% to 0.05% (2024: 0.00% to 0.25%) per annum for the year ended 31 December 2025.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
Hong Kong dollar	184	43
United States dollar	7,369	3
	7,553	46

As at 31 December 2025, the bank balances and cash of the Group denominated in RMB amounted to RMB600,602,000 (2024: RMB429,243,000). The conversion of RMB denominated bank balances and cash into foreign currencies and the remittance of such foreign currencies denominated balances out of the PRC are subject to the relevant rules and regulations of foreign exchange control by the government authorities concerned.

25 DISCONTINUED OPERATION

On 5 November 2024, Shenzhen Guojintongbao entered into an equity transfer agreement with an independent third party in relation to the disposal of entire equity interest of an indirect non-wholly-owned subsidiary, Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) (together with its subsidiaries, the "Nongmuren Group" or the "Disposal Group") which constituted the fresh food retail segment of the Group, for a consideration of RMB300,000. The disposal transaction was completed on 13 January 2025.

Following the disposal of Nongmuren Group, the Group discontinued its operation in sales of fresh food. There was no income or expenses recorded in relation to the fresh food retail segment for the period from 1 January 2025 to 13 January 2025. Financial information related to the fresh food retail segment for the year ended 31 December 2024, which has been included in the consolidated statement of profit or loss and other comprehensive income, is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DISCONTINUED OPERATION (continued)

(a) Financial performance and cash flow information

	For the period from 1 January 2025 to 13 January 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Loss for the period/year from discontinued operation	-	(44,609)
Gain on disposal of subsidiaries (Note 25(b))	41,246	-
Profit (loss) for the period/year from discontinued operation	41,246	(44,609)
		2024 RMB'000
Revenue		2,667
Cost of sales and services provided		(2,088)
Gross profit		579
Selling and distribution expenses		(4,645)
Administrative expenses		(3,700)
Provision for impairment loss under expected credit loss model, net		(28,058)
Impairment loss on goodwill		(8,504)
Finance costs		(475)
Loss before income tax		(44,803)
Income tax credit		194
Loss for the year from discontinued operation		(44,609)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company		(26,891)
Non-controlling interests		(17,718)
		(44,609)
Loss for the year from discontinued operation includes the following:		
Other staff costs:		
- Salaries and other allowances		4,344
- Retirement benefit scheme contributions		481
Total staff costs		4,825
Amortisation of intangible assets		774
Cost of inventories and services recognised as expenses (including in cost of sales and services provided)		2,088
Depreciation of property, plant and equipment		62
Depreciation of right-of-use assets		1,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DISCONTINUED OPERATION (continued)

(a) Financial performance and cash flow information (continued)

	2024 RMB'000
Cash flows from discontinued operation:	
Net cash outflows from operating activities	(3,373)
Net cash inflows from financing activities	3,227
Net decrease in cash and cash equivalents in the discontinued operation	(146)

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2024:

	RMB'000
Assets classified as held for sale	
Property, plant and equipment	407
Right-of-use assets	1,362
Goodwill	3,972
Intangible assets	4,647
Investments in associates	12
Inventories	556
Trade and other receivables	18,460
Bank balances and cash	474
Total assets of Disposal Group held for sale	29,890
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	61,174
Amount due to a non-controlling interest	22,978
Lease liabilities	4,419
Deferred tax liabilities	1,161
Bank borrowings	8,000
Total liabilities of Disposal Group held for sale	97,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DISCONTINUED OPERATION (continued)

(b) Details of the disposal of subsidiaries

	RMB'000
Consideration received:	
Cash consideration	300

The carrying amounts of assets and liabilities in relation to the discontinued operation as at 13 January 2025:

	RMB'000
The net liabilities disposed of are as follows:	
Property, plant and equipment	407
Right-of-use assets	1,362
Goodwill	3,972
Intangible assets	4,647
Investments in associates	12
Inventories	556
Trade and other receivables	18,460
Bank balances and cash	474
Trade and other payables	(61,174)
Amount due to a non-controlling interest	(22,978)
Lease liabilities	(4,419)
Deferred tax liabilities	(1,161)
Bank borrowings	(8,000)
Net liabilities disposed of	(67,842)

	RMB'000
Gain on disposal of subsidiaries:	
Cash consideration received	300
Net liabilities disposed of	67,842
Non-controlling interests	(26,896)
Gain on disposal of subsidiaries (Note 25(a))	41,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DISCONTINUED OPERATION (continued)

(b) Details of the disposal of subsidiaries (continued)

Analysis of net cash flow in respect of the disposal of subsidiaries is as follow:

	2024 RMB'000
Cash consideration received	300
Cash and cash balances disposed of	(474)
Net cash outflow	(174)

26 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (Note i)	15,152	20,456
Other payables and accrued expenses (Note iii)	122,618	26,473
VAT and other tax payables	56,210	18,297
Provision for termination of assignment contracts (Note ii)	7,413	7,413
	201,393	72,639

Notes:

i) Included in the balance amounting to nil (2024: RMB1,102,000) is payable to a related company of the Group, Jiangxi Longtianyong Nonferrous Metals Co., Ltd.* (江西龍天勇有色金屬有限公司).

ii) In September 2018, Huzhou Baiyin Property Co., Ltd.* (湖州白銀置業有限公司) ("Huzhou Baiyin"), an indirect wholly-owned subsidiary of the Group entered into an assignment contract (the "Contract") with Huzhou South Taihu New District Management Committee (the "Committee") and Huzhou Municipal Bureau of Natural Resources and Planning (the "Bureau") in relation to the acquisition of the land use right over a piece of land located in Huzhou, the PRC (the "Acquisition"). The total consideration for the land use right was RMB285,000,000.

On 29 and 30 June 2020, Huzhou Baiyin entered into a termination agreement with the Committee and the Bureau, and a compensation agreement with the Committee, pursuant to which the Committee and the Bureau agreed to terminate the Contract and the Committee agreed to refund the deposits received amounting to RMB270,875,000 (the "Compensation Sum") and compensate for (i) the capital expenditure and other expenses incurred by the Group in connection with the exploration, design and pre-construction works on the land; and (ii) certain taxes paid by another indirect wholly-owned subsidiary of the Group.

As at 31 December 2021, the Group had already paid an aggregate amount of RMB290,094,000 in relation to the Acquisition and fully received the Compensation Sum. As at 31 December 2025, however, certain pre-construction costs that had been incurred before the termination of the Acquisition remained payable by the Group, which amounted to RMB7,413,000 (2024: RMB7,413,000).

iii) Included in the balance amounting to RMB52,000,000 (2024: nil), representing the consideration payable to acquire the office located at Shenzhen (Note 32(i)(a)).

* The English name is for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 TRADE AND OTHER PAYABLES (continued)

The ageing analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	170	4,211
31 to 60 days	26	9
61 to 90 days	35	14
Over 90 days	14,921	16,222
	15,152	20,456

The credit period of purchase of goods and subcontracting costs on processing silver products generally ranges from 1 to 90 days.

27 LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable	197	4,959
Less: Amounts due for settlement within 12 months shown under current liabilities	(197)	(336)
Less: Reclassified as held for sale (Note 25)	-	(4,419)
Amounts due for settlement after 12 months shown under non-current liabilities	-	204

The weighted average incremental borrowing rate applied to lease liabilities 5.39% (2024: 5.39%) per annum for the year ended 31 December 2025.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
Hong Kong dollar	197	540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Amounts received in advance of sales of goods	3,932	5,577

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Amounts received in advance of sale of goods	
	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,577	3,584

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract amounts as deposits from customers when the sales order is issued. The entire amount of contract liabilities will be recognised as revenue when the customers obtained the control of goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
<i>Secured</i>		
Bank borrowings at fixed rates (Note i)	8,500	9,000
Bank borrowings at floating rates (Note i)	100,140	80,000
<i>Unsecured</i>		
Bank borrowings at floating rates (Note ii)	7,990	-
	116,630	89,000
The bank borrowings are repayable as follows:		
Within one year	88,500	89,000
Between two to five years	28,130	-
	116,630	89,000
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	80,000	-
Carrying amount of bank borrowings that are repayable within one year and without a repayment on demand clause	8,500	89,000
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	28,130	-
Total amounts shown under current liabilities	116,630	89,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 BANK BORROWINGS (continued)

The effective interest rate of the Group's short term bank borrowings (which is also equal to contracted interest rate) during the year is as follows:

	2025	2024
Effective interest rate per annum	4.56%	6.04%

The total banking facility granted to the Group amounted to RMB116,630,000 (2024: RMB105,200,000) of which RMB116,630,000 (2024: RMB89,000,000) were utilised.

Notes:

- i) The amounts are secured and/or guaranteed by (i) personal guarantee from directors of the Company, Mr. Chen He and Mr. Qian Pengcheng; (ii) personal guarantee from a director of China Silver, Mr. Chen Wantian and his spouse; (iii) corporate guarantee and certain assets of a customer and independent third parties; (iv) corporate guarantee from a related company and (v) leasehold land and building with aggregate carrying amount of RMB48,166,000 (2024: (i) personal guarantee from a director of China Silver Group, Mr. Chen Wantian and his spouse; (ii) personal guarantee from a director of the Company, Mr. Qian Pengcheng; (iii) corporate guarantee and certain assets of a supplier and independent third parties; (iv) personal guarantee from directors of the subsidiary, Jiangsu Nongmuren and (v) corporate guarantee from a fellow subsidiary).

Secured bank borrowings of RMB8,500,000 (2024: RMB9,000,000) as at 31 December 2025 carry interest at fixed rates 3.75% (2024: 4.25%) per annum and RMB100,140,000 (2024: RMB80,000,000) carry interest at the loan prime rate, minus 0.95% to plus 1.70% (2024: loan prime rate plus 1.85%) per annum.

- ii) Unsecured bank borrowings of RMB7,990,000 (2024: nil) as at 31 December 2025 carry interest at the loan prime rate, plus 0.2% (2024: nil) per annum.

30 SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		US\$	RMB'000
Ordinary share of US\$0.0001 each			
Authorised:			
At 1 January 2024, 31 December 2024,			
1 January 2025 and 31 December 2025	3,000,000,000	300,000	2,062
Issued:			
At 1 January 2024, 31 December 2024 and 1 January 2025	1,237,875,040	123,787	842
Issue of shares upon placing (Note)	21,700,000	2,170	15
As at 31 December 2025	1,259,575,040	125,957	857

Note: On 31 December 2025, the Company allotted 21,700,000 ordinary shares of US\$0.0001 each at a subscription price of HK\$1.61 per share. The HK\$34,866,420 (net of expenses)(equivalent to RMB31,547,140) raised will be substantially used to satisfy the business growth and development anticipated by the Group. The new placing shares were issued pursuant to the general mandate granted to the directors by a resolution of the shareholders of the Company passed at the annual general meeting held on 19 May 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 SHARE OPTION SCHEME

i) The Scheme

- a) The principal terms of the Company's share option scheme adopted on 27 March 2025 (the "Scheme") are set out below.

The Scheme was adopted pursuant to the extraordinary general meeting held on 27 March 2025 for the primary purpose of providing incentives to eligible employees. Under the Scheme, the board of directors of the Company may grant options to eligible employees to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1 as consideration.

- b) The number of shares in respect of which options had been granted and remained outstanding under the Scheme was 123,780,000, representing 10.00% of the shares of the Company in issue at 31 December 2025.

The following table discloses movements of Company's options under the Scheme held by the Group's employees during the current and prior years:

Date of grant	Exercise price per share	Outstanding as at 1 January 2025	Granted during the period	Outstanding as at 31 December 2025
31 March 2025	HK\$1.33	–	123,780,000	123,780,000
Exercisable at 1 January 2025				–
Exercisable at 31 December 2025				–
Weighted average exercise price				HK\$1.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 SHARE OPTION SCHEME (continued)

i) The Scheme (continued)

- b) The vesting period is subject to the achievement of relevant performance targets and the receipt of all necessary regulatory approvals. Provided these conditions are met, all granted options shall vest on the first anniversary of the grant date. No share options under the Scheme were exercised during the period ended 31 December 2025.

The 123,780,000 outstanding share options granted on 31 March 2025 with the exercise price of HK\$1.33 per share are exercisable during the period from 31 March 2026 to 30 March 2035.

The closing price of the Company's shares immediately before 31 March 2025 was HK\$1.32.

- c) The estimated fair values of the options granted on 31 March 2025 amounted to RMB73,363,000. These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	For the year ended 31 December 2025
Weighted average share price	HK\$1.32
Exercise price	HK\$1.33
Expected volatility	85.52%
Expected life	10 years
Risk-free rate	3.23%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company's comparables over the previous 10 years. The expected life used in the model has been developed based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

- d) The Group recognised the total expense of RMB56,461,000 (for the year ended 31 December 2024: nil) for the year ended 31 December 2025 in relation to share options granted by the Company under the Scheme.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE

i) For the year ended 31 December 2025

(a) Acquisition of subsidiaries accounted for as an asset acquisition

On 25 May 2025, Shenzhen Guoyintongbao Limited* (深圳國銀通寶有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Shenzhen Xinjia Jewelry Co., Ltd.* (深圳市信嘉珠寶有限公司) and Shenzhen Guangshunjia Jewelry Co., Ltd.* (深圳市廣順嘉珠寶有限公司) (collectively the "Vendors"), pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, 100% equity interest in Shenzhen Heqingde Investment Development Co., Ltd.* (深圳市和清德投資發展有限公司), Shenzhen Derunsheng Investment Co., Ltd.* (深圳市德潤生投資有限公司), Shenzhen Heshunle Investment Co., Ltd.* (深圳市和順樂投資有限公司) and Shenzhen Jiadebao Investment Co., Ltd.* (深圳市佳德堡投資有限公司) (collectively the "Target Companies") for a total consideration of RMB80,000,000.

The Group completed the acquisition of the Target Companies on the same day. The acquisition was undertaken to obtain leasehold land and buildings for use as office for the Group's future business development. Given the nature of the assets acquired, the transaction has been accounted for as an acquisition of assets.

The identifiable assets and liabilities arising from this transaction are as follows:

	RMB'000
Leasehold land and buildings	79,895
Other receivables	130
Bank balances and cash	315
Other payables	(340)
Purchase consideration	80,000
Less: bank balances and cash acquired	(315)
Less: cash consideration payable (Note 26)	(52,000)
Net cash outflow arising on acquisition	27,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE (continued)

i) For the year ended 31 December 2025 (continued)

(b) Acquisition of an associate

On 17 June 2025, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Yincai Trading Co., Ltd.* (江西銀彩貿易有限公司) (the “**Vendor**”), an independent third party of the Group, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% equity interest in Jiangxi Yiding Trading Co., Ltd.* (江西藝鼎貿易有限公司) (the “**Target Company**”) for a total consideration of RMB3,500,000.

The Target Company is a company incorporated in the PRC with limited liability. The Target Company held 100% equity interest in Xizang Shigatse Huaye Mining Development Co., Ltd.* (西藏日喀則市華冶礦業開發有限責任公司) (“**Xizang Shigatse**”), a company incorporated in the PRC with limited liability. Xizang Shigatse is principally engaged in the exploration of a lead and zinc mine. The transaction was completed on 18 July 2025. The Group’s interests in the Target Company were classified as an associate and have been accounted for under the equity method.

* The English name is for identification only.

ii) For the year ended 31 December 2024

(a) Acquisition of subsidiaries accounted for as an asset acquisition

On 15 August 2024, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Huiying Trading Company Limited* (江西輝穎貿易有限公司) (the “**Vendor**”), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 51% equity interest in Jiangxi Letong New Materials Company Limited* (江西樂通新材料有限公司) (the “**Target Company**”) for a total consideration of RMB2,550,000.

On 21 August 2024, the Group completed the acquisition of the Target Company, a company incorporated in the PRC with limited liability. The Target Company holds 100% equity interest in Tibet Longtianyong, a PRC-incorporated limited liability company principally engaged in the exploration of a lead and zinc mine.

The acquisition was undertaken to secure exploration rights for a lead and zinc mine and a property for use as staff quarters as part of the Group’s future business development. Given the nature of the assets acquired, the transaction has been accounted for as an acquisition of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE (continued)

ii) For the year ended 31 December 2024 (continued)

(a) Acquisition of subsidiaries accounted for as an asset acquisition (continued)

The identifiable assets and liabilities arising from this transaction are as follows:

	RMB'000
Exploration right	472
Right-of-use assets	2,799
Other receivables	2,877
Bank balances and cash	63
Other payables	(1,211)
A non-controlling interest	(2,450)
	<hr/>
Purchase consideration	2,550
Less: bank balances and cash acquired	(63)
	<hr/>
Net cash outflow arising on acquisition	2,487

* The English name is for identification only.

33 RETIREMENT BENEFITS PLANS

The Group participates in a Mandatory Provident Fund Scheme (“MPF Scheme”) for all qualifying employees in Hong Kong established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

During the year ended 31 December 2025, the total expenses recognised in profit or loss of RMB1,391,000 (2024: RMB1,799,000) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
- Financial assets at amortised cost	714,036	522,043
Financial liabilities		
- Financial liabilities at amortised cost	249,554	129,128
- Lease liabilities	197	540

35 MAJOR NON-CASH TRANSACTIONS

The Group had the following major non-cash transactions:

During the year ended 31 December 2025, following a deemed disposal, China Silver Group Limited ceased to be the immediate holding company and become a related company of the Company. Consequently, the balances due from the immediate holding company and fellow subsidiaries, amounting to RMB6,076,000 and RMB17,292,000 respectively, together with the balance due to fellow subsidiaries of RMB4,874,000, were reclassified as amounts due from related companies.

During the year ended 31 December 2024, the Group entered into one new lease agreement for the use of office premises for 2 years. On the lease commencement, the Group recognised RMB676,000 of right-of-use assets and RMB676,000 of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a fellow subsidiary RMB'000	Amounts due to related companies RMB'000	Lease liabilities RMB'000	Bank borrowings RMB'000	Interest payables (Included in other payables) RMB'000	Amount due to a non-controlling interest RMB'000	Total RMB'000
At 1 January 2024	2,310	8,892	5,974	94,000	-	22,513	133,689
Financing cash flows	36	(397)	(1,964)	3,000	(5,614)	6,861	1,922
Finance cost recognised	-	-	273	-	5,614	-	5,887
Non-cash movements							
New leases entered (Note 35)	-	-	676	-	-	-	676
Reclassification as held for sale (Note 25)	-	-	(4,419)	(8,000)	-	(22,978)	(35,397)
As at 31 December 2024	2,346	8,495	540	89,000	-	6,396	106,777
At 1 January 2025	2,346	8,495	540	89,000	-	6,396	106,777
Financing cash flows	2,528	-	(363)	27,630	(4,514)	3,868	29,149
Finance cost recognised	-	-	20	-	4,514	-	4,534
Non-cash movement							
Others (Note 35)	(4,874)	-	-	-	-	-	(4,874)
As at 31 December 2025	-	8,495	197	116,630	-	10,264	135,586

37 RELATED PARTY DISCLOSURES

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group has following significant transactions and balances with related parties:

Name of related parties	Relationship	Nature of transactions	2025 RMB'000	2024 RMB'000
江西龍天勇有色金屬有限公司	A subsidiary of China Silver Group (Note i)	Purchase of silver ingots (Note iii)	15,782	1,247
		Repayments of lease liabilities (Note ii)	-	300
		Interest expenses on lease liabilities	-	5
		Expenses on short term lease (Note iv)	400	300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 RELATED PARTY DISCLOSURES (continued)

(a) (continued)

Notes:

- i) On 31 December 2025, following the dilution of shareholding held by China Silver, the Company became an associate of China Silver Group since then (2024: China Silver Group was the immediate and ultimate holding company of the Group).
 - ii) The Group entered into a lease agreement for the use of warehouse and office premises with the related company for 5 years. As at 31 December 2025, the payable due to the related company amounted to nil (2024: nil).
 - iii) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
 - iv) The Group entered into a lease agreement for the use of warehouse and office premises with the related company for 3 years (2024: 1 year).
- (b) Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in Note 23.
- (c) Compensation of key management personnel

The emoluments of directors and members of key management of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	2,188	1,895
Retirement benefits schemes contributions	87	44
	2,275	1,939

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

38 CONTINGENT LIABILITY

During the year ended 31 December 2025, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) ("Jiangxi Jiyin"), a subsidiary of the Group, provided a corporate guarantee of RMB83,800,000 to Jiangxi Longtianyong in support of a bank borrowing. The guarantee was subsequently terminated during the year, releasing Jiangxi Jiyin from all obligations under the arrangement.

During the year ended 31 December 2024, Jiangxi Jiyin provided a corporate guarantee of RMB250,000,000 to Jiangxi Longtianyong, a related company of the Group and a subsidiary of China Silver Group Limited, to obtain a bank borrowing. If Jiangxi Longtianyong fails to repay the bank borrowing based on the borrowing terms in the borrowing agreement, Jiangxi Jiyin will become liable to compensate such bank accordingly.

* The English name is for identification only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 SUBSIDIARIES

The Company has direct and indirect interests in the following subsidiaries. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities/ place of operations	Form of Company
			2025	2024		
<i>Directly owned:</i>						
CSmall Group Limited 金貓銀貓集團有限公司	British Virgin Islands ("BVI")	Ordinary Shares US\$83,233	100%	100%	Investment holding/ Hong Kong	Limited liability
Mount Everest Gold Holding Limited 珠峰黃金控股有限公司 (Formerly known as CSMall Holdings Limited 金貓銀貓控股有限公司)	The BVI	Ordinary shares US\$50,000	100%	100%	Investment holding/ Hong Kong	Limited liability
<i>Indirectly owned:</i>						
China Silver Jewellery Group Limited 中國白銀珠寶集團有限公司	Hong Kong	Ordinary shares HK\$10,000	100%	100%	Investment holding/ Hong Kong	Limited liability
江西吉銀實業有限公司 Jiangxi Jiyin Industry Co., Ltd. *	The PRC	Registered capital US\$149,800,000	100%	100%	Processing and wholesale of precious metal products/ The PRC	Wholly foreign owned
江西樂通新材料有限公司 Jiangxi Letong New Materials Co., Ltd.*	The PRC	Registered capital RMB30,000,000 ²	51%	51%	Inactive/The PRC	Limited liability
西藏龍天勇礦業有限公司 Tibet Longtianyong Mining Company Limited*	The PRC	Registered capital RMB5,000,000	51%	51%	Engaged in the exploration of lead and zinc mines/ The PRC	Limited liability
國融(深圳) 供應鏈有限公司 Guorong (Shenzhen) Supply Chain Co., Ltd.* (formerly known as 國融通寶(深圳) 融資租賃有限公司)	The PRC	Registered capital RMB200,000,000 ²	100%	100%	Inactive/ The PRC	Wholly foreign owned
深圳金縱橫軟件開發有限公司 Shenzhen Jin Zongheng Software Development Co., Ltd.*	The PRC	Registered capital RMB500,000 ²	100%	100%	Software development/ The PRC	Limited liability

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities/ place of operations	Form of Company
			2025	2024		
深圳國金通寶有限公司 Shenzhen Guojin Tongbao Co., Ltd.*	The PRC	Registered capital RMB50,000,000 ²	100%	100%	Investment holding/ The PRC	Limited liability
深圳國銀通寶有限公司 Shenzhen Guoyintongbao Limited*	The PRC	Registered capital RMB241,214,000	100%	100%	Online and offline sales of jewellery products and operation of self-owned stores/The PRC	Wholly foreign owned
景寧畚銀文化有限公司 Jingning Sheyin Culture Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	100%	Planning of cultural events, design and sale of jewellery products/ The PRC	Limited liability
白銀小鎮(上海)文化產業有限公司 Baiyin Town (Shanghai) Cultural Industry Co., Ltd.*	The PRC	Registered capital RMB100,000,000	100%	100%	Online sales of jewellery products/ The PRC	Limited liability
湖州白銀置業有限公司 Huzhou Baiyin Real Estate Co., Ltd.*	The PRC	Registered capital RMB50,000,000	100%	100%	Property development/ The PRC	Limited liability
浙江金貓銀貓珠寶首飾有限公司 Zhejiang Jinmao Yinmao Jewelry Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	100%	Sales of jewellery products/ The PRC	Limited liability
深圳市和清德投資發展有限公司 Shenzhen Heqingde Investment Development Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	-	Investment holding/ The PRC	Limited liability
深圳市佳德堡投資有限公司 Shenzhen Jiadebao Investment Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	-	Investment holding/ The PRC	Limited liability
深圳市德潤生投資有限公司 Shenzhen Derunsheng Investment Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	-	Investment holding/ The PRC	Limited liability
深圳市和順樂投資有限公司 Shenzhen Heshunle Investment Co., Ltd.*	The PRC	Registered capital RMB10,000,000	100%	-	Investment holding/ The PRC	Limited liability
深圳鮮生掌櫃科技有限公司 ^{3,5} Shenzhen Xiansheng Shopkeeper Technology Co., Ltd.*	The PRC	Registered capital RMB1,000,000 ²	-	51%	Investment holding/ The PRC	Limited liability
江蘇農牧人電子商務股份有限公司 ⁵ Jiangsu Nongmuren Electronic Business Corp.*	The PRC	Registered capital RMB25,510,000	-	N/A	Sales of fresh food product/ The PRC	Limited liability

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities/ place of operations	Form of Company
			2025	2024		
青島農牧人供應鏈管理有限公司 ^{2,4,5} Qingdao Farmers and Herdsmen Supply Chain Management Co., Ltd.*	The PRC	Registered capital RMB500,000	-	26.01%	Fresh food acquisition, storage and transportation, primary processing, packaging and sales/ The PRC	Limited liability
新疆羊掌櫃電子商務有限公司 ^{2,4,5} Xinjiang Yangshopkeeper E-commerce Co., Ltd.*	The PRC	Registered capital RMB10,000,000	-	25.5%	Sales of fresh food product/ The PRC	Limited liability
農牧人甄選(蘇州)科技有限公司 ^{2,4,5} Farmers and Pastoral Selection (Suzhou) Technology Co., Ltd.*	The PRC	Registered capital RMB1,000,000	-	51%	Sales and promotion of fresh food products/ The PRC	Limited liability
農牧人掌櫃(蘇州)科技有限公司 ^{2,4,5} Farmer and Pastoral Manager (Suzhou) Technology Co., Ltd.*	The PRC	Registered capital RMB10,000,000	-	51%	Sales and promotion of fresh food products/ The PRC	Limited liability

¹ Structured entities

² At 31 December 2025 and 2024, capital injection to the entity had not been made

³ Incorporated during the year ended 31 December 2022 and controlled under a variable interest entity structure

⁴ The subsidiary of Jiangsu Nongmuren Electronic Business Corp.

⁵ Disposed during the year ended 31 December 2025

* The English name is for identification only

Notes:

i) None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

ii) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation on and principal place of business	Proportion of ownership interests and voting rights held by non-controlling		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Jiangsu Nongmuren and its subsidiaries	The PRC	-	49%	-	(17,718)	-	(26,896)
Individual immaterial subsidiaries with non-controlling interest				(1,912)	(598)	(60)	1,852
				(1,912)	(18,316)	(60)	(25,044)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Investments in subsidiaries		922,481	922,481
Right-of-use assets		190	535
Amount due from a subsidiary		121,036	110,514
		1,043,707	1,033,530
Current assets			
Other receivables		332	308
Amounts due from related companies		1,221	-
Amount due from immediate holding company		-	5,021
Bank balances and cash		20	8
		1,573	5,337
Current liabilities			
Other payables and accruals		12,393	13,255
Lease liabilities - current portion		197	336
Amount due to a fellow subsidiary		-	2,328
Amount due to a subsidiary		19,904	44,076
		32,494	59,995
Net current liabilities		(30,921)	(54,658)
Total assets less current liabilities		1,012,786	978,872
Capital and reserves			
Share capital	30	857	842
Share premium and reserves	(i)	1,011,929	977,826
Total equity		1,012,786	978,668
Non-current liability			
Lease liabilities - non-current portion		-	204
Total equity and non-current liability		1,012,786	978,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY
(continued)

Note:

i) Movements in share premium and reserves of the Company:

	Share premium RMB'000	Other reserve RMB'000	Contribution reserve RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	858,158	-	323,370	-	(196,560)	984,968
Loss and total comprehensive expense for the year	-	-	-	-	(7,142)	(7,142)
At 31 December 2024 and 1 January 2025	858,158	-	323,370	-	(203,702)	977,826
Issue of shares upon placing	31,596	7,477	-	-	-	39,073
Share-based payment expenses	-	-	-	56,461	-	56,461
Loss and total comprehensive expense for the year	-	-	-	-	(61,431)	(61,431)
At 31 December 2025	889,754	7,477	323,370	56,461	(265,133)	1,011,929

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	2021 RMB'000	2022 RMB'000	2023 RMB'000 (restated)	2024 RMB'000	2025 RMB'000
Continuing operation					
Revenue	364,187	1,790,311	410,458	157,570	486,969
Profit (loss) before tax	8,374	(33,401)	(20,696)	4,349	97,986
Income tax expense	(8,303)	(870)	(257)	(1,243)	(38,381)
Profit (loss) for the year from continuing operations	71	(34,271)	(20,953)	3,106	59,605
Discontinued operation					
Loss for the year from discontinued operation	-	-	(27,549)	(44,609)	-
Gain on disposal of subsidiaries	-	-	-	-	41,246
Profit (loss) for the year	71	(34,271)	(48,502)	(41,503)	100,851
Attributable to					
- Owners of the Company	71	(25,603)	(34,998)	(23,187)	102,763
- Non-controlling interests	-	(8,668)	(13,504)	(18,316)	(1,912)
	71	(34,271)	(48,502)	(41,503)	100,851

ASSETS AND LIABILITIES

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	1,510,569	1,632,123	1,586,561	1,579,483	1,878,697
Total liabilities	(113,480)	(256,311)	(259,251)	(291,226)	(367,144)
Total equity	1,397,089	1,375,812	1,327,310	1,288,257	1,511,553
Equity attributable to owners					
of the Company	1,397,089	1,371,486	1,336,488	1,313,301	1,511,613
Non-controlling interests	-	4,326	(9,178)	(25,044)	(60)
	1,397,089	1,375,812	1,327,310	1,288,257	1,511,553