

西藏智汇矿业股份有限公司
Xizang Zhihui Mining Co.,Ltd

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

Stock Code: 2546

ANNUAL REPORT 2025



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CHAIRWOMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of **Xizang Zhihui Mining Co., Ltd.** for the year ended 31 December 2025. This year marked a milestone of considerable significance for the Company, as it achieved its successful listing on the Hong Kong Stock Exchange on 19 December 2025. The Company and I would like to take this opportunity to express our gratitude to the support to us from all parties during the year.

1. BUSINESS OPERATIONAL AND FINANCIAL PERFORMANCE

The Company has made progress in many aspects during the year of 2025. For example, our underground mining project was completed and successfully passed all the relevant governmental inspections and commenced its mining activity from June 2025. The resource-rich underground mine not only elevates the overall ore grade level hence increasing the total non-ferrous metal concentrates output volume, but also reduces the ore supply risk as the Company now has one open-pit and one underground mine to provide ores. In addition, it extends the whole life cycle of Mengya'a Mine that supports the Company to grow over a longer term in a more sustainable manner.

After the experimentation of the X-ray ore sorting technology in the year of 2024 whereby the low-grade mineral wastes could be sorted and processed in advance before feeding into the concentrate production lines, we increased the application of this new comprehensive utilization technology during the year of 2025. We not only managed to sort larger volume of low-grade ore, but also increased the sorting efficiency from 15.55% in the year of 2024 to 23.85% in the year of 2025, an efficiency improvement of approximately 53.4%. The comprehensive utilization method of this kind helped to decrease our operational costs and contributed to the concentrates output volume increase. We will continue our inputs and efforts in the new comprehensive utilization technology application.

Our financial results reflect those encouraging operational achievements mentioned above. Revenue for the Year was over RMB616 million, representing an increase of approximately 104.4% compared with approximately RMB301 million in 2024. Its total profits after tax reached approximately RMB150 million which was also one of the highest profit levels since the track record period began.

2. BUSINESS OUTLOOK

The successful listing on the Hong Kong Stock Exchange provided us with a new platform and opened up a new avenue of growth where the Company could be boosted with the assistance from the capital market. It has also inspired the whole staff team and elevated their confidence greatly in the development prospects of the Company.

Looking ahead, we are planning to focus on the following aspects:

- (1) **Deepening our exploration activities** – by continuing to improve efficiency and extend mine life through applying new and more advanced technologies; and by expanding our exploration coverage area in order to increase the mineral reserves
- (2) **Increasing our revenue and profit levels**– by further improving the ore production technology to enlarge the concentrate products portfolio; and by evaluating and selecting acquisition opportunities that align with our strategic and ESG criteria.

CHAIRWOMAN'S STATEMENT

- (3) **Extending and expanding our presence in Xizang Region** – by forming stronger collaborations with the miner peers and local governments in Xizang region and investing more into the projects in the area.

We are well positioned to navigate the uncertainties in the global economy and the volatility in commodity markets. Our diversified sales product portfolio, strong operational performance and commitment to sustainability provide a solid foundation for long-term value creation.

3. BOARD AND MANAGEMENT

I would like to thank my fellow directors for their guidance and support throughout the Year. I also wish to express my sincere appreciation to the entire management team for their leadership and dedication.

Most importantly, I thank our employees for their hard work, professionalism and commitment to safety and excellence. Their efforts are fundamental to our success.

4. ACKNOWLEDGMENTS

We are also grateful to our shareholders, customers, suppliers and local governments for their continued support. We value our relationships with all our stakeholders and will continue to engage them in an open and transparent manner.

On behalf of the Board, I look forward to building on our progress in the year ahead and delivering sustainable value for all our shareholders.

Ms. He Qian

Chairwoman of the Board and Executive Director

Xizang Zhihui Mining Co., Ltd.

28 April 2026

SUMMARY OF THE COMPANY'S BUSINESS

RMB'000, except for percentages	2025	2024	2023	2022
SUMMARY OF OPERATING RESULTS				
Revenue	616,014	301,434	546,128	482,354
Profit for the year	150,041	55,854	173,793	134,936
Gross Profit	224,056	104,492	217,726	174,645
SUMMARY OF ASSETS				
Total Assets	2,053,063	1,454,895	1,292,966	1,169,620
Total Liabilities	419,757	420,794	335,294	316,673
Net assets ¹	1,633,306	1,034,101	957,672	852,947
Cash and cash equivalents	587,624	142,222	111,588	142,687
Return on net assets ¹	9.2%	5.4%	16.2%	13.8%
Return on total assets ²	7.3%	3.8%	12.0%	10.1%
Profit per share ³	0.41	0.15	0.43	0.33
Cash dividends per share ⁴ (RMB)	0.102	0	0.140	0.080

Note:

1. Return on net assets ratio is calculated using net profit divided by total equity at the end of the year, multiplied by 100%.
2. Return on assets ratio is calculated using net profit divided by total assets at the end of the year, multiplied by 100%.
3. The number of shares is calculated using the weighted average number of ordinary shares for the purpose of basic earnings per share.
4. The total shares in calculation for the year of 2025 were 487,805,659, including 121,952,000 shares newly issued in the IPO process. Prior to that date, the total issued shares were 365,853,659 and the total shares in calculation for the year of 2023 and 2022 were 360,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Operational Results

Xizang Zhihui Mining Co., Ltd. (the “**Company**”), together with its subsidiaries (the “**Group**”) is located in Rongdoi Township, Jiali County, Nagqu, Xizang Autonomous Region, the People Republic of China (the “**PRC**”). We are principally engaged with the exploration, mining, production and sale of non-ferrous metal concentrates of zinc, lead, copper and silver. The Group holds exploration rights over an area of approximately 58.5 sq.km and mining rights over an area of approximately 4.5 sq.km, respectively, which is called the Mengya’a Mine and located within the nationally designated Jinda Integrated Exploration Area at an altitude between 5,000.0 m asl and 5,300.0 m asl where rich mineral resources have been found. The Mengya’a Mine currently comprises an open-pit mine and an underground mine that commenced its commercial operation from June 2025. Apart from the production of ores from our own mine site, the Group also produced and sold concentrates from external lead-zinc ores procured from suppliers who are independent of the Group and located in the local region.

During the financial year of 2025 (the “**Year**”), the Group’s non-ferrous metal concentrates production volume increased significantly compared with the year of 2024. The actual production outputs are listed as following. As disclosed in the IPO Prospectus, the Group experienced a production decrease blip in the year of 2024 for the reasons of (i) delay on the commencement of production caused by extreme weather conditions; and (ii) the planned, sequential technical upgrade and interleaved maintenance of two key production lines at our processing plant that led to only partial production capacity utilization from May to October 2024. During the Year, the Group had run its operations normally and experienced no delay in its operation time or any more technical upgrade that would have resulted in any suspension of its production. Secondly, the increase of the ore grade level from 5.85% (Lead+Zinc) for the year of 2024 to 6.49% (Lead+Zinc) for the Year also contributed to the overall concentrate production increase. The better ore quality was mainly attributed to the new underground mine that started the operation in the second half of the Year that not only benefited the Group during the Year but provided a pillar to support the Group’s quality production in the long run. Thirdly, the Group also increased its ores procurement from external independent suppliers during the Year which also contributed to the significant output increase.

MANAGEMENT DISCUSSION AND ANALYSIS

The total production and sales of the non-ferrous metal concentrates are set out as following:

Concentrate volume Year	Production			Sales		
	2025	2024	Change (%)	2025	2024	Change (%)
Lead (tons)	9,530	3,670	160%	9,531	3,664	160%
Lead with silver (kilogram)	15,788	3,572	342%	15,744	3,563	342%
Zinc (tons)	21,739	12,329	76%	21,740	12,325	76%
Copper (tons)	751	185	306%	749	182	311%
Copper with silver (kilo-gram)	1,818	658	176%	1,813	648	180%

Note: The difference between sales volume and production volume was the result of concentrate inventories carried forward from the previous year, with any remaining surplus constituting the closing inventory to be carried forward to the following year.

During the Year, the Group made significant progress in respect of mining operation as it spent approximately RMB58.7 million to complete its underground mine construction project and passed the mine safety and health inspection by the relevant government authorities and commenced its mining operation from June 2025. It not only provides a new source of high-quality ores but also prolongs the overall life cycle of Mengya'a Mine, which ensures the steady performance and development of the Group in future. The open-pit mine resumed its normal operation. To keep the safe operation, we stripped earth soil with the amount of approximately 48 thousand cubic meters and rocks with the amount of approximately 683.1 thousand cubic meters during the Year. Our new tailings pond (Phase 2 Tailings Pond) also was progressing as planned. During the Year, we spent approximately RMB39.6 million in respect of main pond construction work and the auxiliary facilities and we expect that the whole project will be completed in 2026 and is expected to commence operations in the same year after passing all the relevant inspections by the relevant government authorities. The beneficiation plant was also supported with our investment of approximately RMB6.7 million during the Year to upgrade the electricity power line connected to the plant from the national electricity grid. During the Year, approximately RMB7.5 million was spent on exploration and relevant evaluation activities. The Group attaches great importance to the exploration activities and will increase its inputs in this aspect in accordance with the disclosure of "Use of Proceeds" in the prospectus of the Company dated 11 December 2025 (the "IPO Prospectus") in relation to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing").

MANAGEMENT DISCUSSION AND ANALYSIS

Annual Update of the Mineral Resources and Ore Reserves

The Group has engaged SRK Consulting (Hong Kong) Limited (SRK) as its independent technical consultant to perform an update of the Mineral Resources and Ore Reserves of its Mengya'a Project as at 31 December 2025 in accordance with the JORC Code (2012). SRK was the Independent Technical Consultant during the Listing process. SRK applied the same assumptions and methodologies as those applied in the report enclosed in the IPO Prospectus of the Company. Relevant updates were based on the actual production data and topographic mined-out areas surveys.

Mineral Resource estimates

The latest Mineral Resource estimates for the Mengya'a Project (Pb12 and Pb14 deposits), prepared in accordance with the JORC Code (2012) as at 31 December 2025 are presented in the following table. The latest estimate excludes the depleted resources between 31 July and 31 December 2025. The Pb12 deposit contains a total of 14,793 kt at 3.64% Pb, 4.64% Zn, 0.25% Cu and 41 g/t Ag. The Pb14 deposit contains 1,752 kt at 0.68% Pb, 5.14% Zn, 0.11% Cu and 11 g/t Ag and the combined total for both deposits is 16,546 kt at 3.32% Pb, 4.69% Zn, 0.24% Cu and 38 g/t Ag.

Competent Person's Statement: The information in this report that relates to Mineral Resources is based on information compiled by Dr (Tony) Shuangli Tang who is a Member of the Australian Institute of Geoscientists (AIG) and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Tang is a full-time employee of SRK Consulting (Hong Kong) Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he undertakes to qualify as a Competent Person as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code).

Mineral Resource Statement for the Mengya'a Project as at 31 December 2025

Domain	Cut-off	Category	Tonnage (kt)	Pb Grade (%)	Zn Grade (%)	Cu Grade (%)	Ag (g/t)	Pb Metal (kt)	Zn Metal (kt)	Cu Metal (kt)	Ag Metal (t)
Pb12 deposit	EqPb ≥4.7% (oxide) EqPb ≥2.9% (fresh)	Measured	6,211	2.81	4.72	0.25	42	174.78	293.33	15.54	259
		Indicated	6,007	4.66	4.95	0.26	41	280.11	297.41	15.63	248
	Inferred	2,575	3.23	3.70	0.25	40	83.27	95.21	6.48	104	
	Subtotal	14,793	3.64	4.64	0.25	41	538.17	685.95	37.64	611	
Pb14 deposit	EqPb ≥1.4%	Measured	344	1.17	4.49	0.09	15	4.02	15.43	0.32	5
		Indicated	1,113	0.50	5.30	0.11	8	5.58	58.96	1.17	9
		Inferred	296	0.76	5.31	0.17	17	2.24	15.71	0.49	5
		Subtotal	1,752	0.68	5.14	0.11	11	11.84	90.10	1.98	19
Total		Measured	6,554	2.73	4.71	0.24	40	178.80	308.76	15.86	264
		Indicated	7,120	4.01	5.01	0.24	36	285.69	356.37	16.80	258
		Inferred	2,871	2.98	3.86	0.24	38	85.51	110.92	6.97	109
		Total	16,546	3.32	4.69	0.24	38	550.01	776.05	39.63	631

Source: SRK

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- 1 Any differences between totals and sum of components are due to rounding.
- 2 EqPb 4.7% (oxide) and EqPb 2.9% (fresh) cut-off grades were applied to the resource block models of the Pb12 deposit. An EqPb 1.4% cut-off grade was applied to the resource block models of the Pb14 deposit.
- 3 Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- 4 Mineral Resources are reported inclusive of Ore Reserves.
- 5 The Mineral Resources are effective as at 31 December 2025.
- 6 Lead equivalent (EqPb) formulas were applied: fresh ore: $\text{EqPb} = \text{Pb} + 1.1457 \times \text{Zn} + 2.5464 \times \text{Cu} + 0.0296 \times \text{Ag}$; oxide ore: $\text{EqPb} = \text{Pb} + 1.3315 \times \text{Zn} + 2.7501 \times \text{Cu} + 0.0062 \times \text{Ag}$. Metal price assumptions included 18,600 RMB/Pb t for lead concentrate, 21,100 RMB/Zn t for zinc concentrate, 81,500 RMB/Cu t for copper concentrate, and 8.10 RMB/g for silver. The recovery assumptions for fresh ore are as follows: zinc recovery is 91.0%, copper recovery is 52.0%, silver recovery in the copper concentrate is 9.2%, and silver recovery in the lead concentrate is 66.4%. For oxide ore, the recovery assumptions are zinc recovery at 66.1%, copper recovery at 35.1%, silver recovery in the copper concentrate at 10.4%, and silver recovery in the lead concentrate at 57.3%.

Ore Reserve estimates

The Mengya'a Project comprises two distinct deposits: Pb14 open pit (OP) and Pb12 underground (UG). The economically mineable portions of the Measured and Indicated Mineral Resources within the designed stopes or open pit, inclusive of diluting materials and allowances for losses, have been classified as Proved and Probable Ore Reserves, respectively. The estimation of feed ore is based on the reference point at the stockpile at the crusher feed. SRK has excluded the depleted materials between 31 July 2025 and 31 December 2025.

As at 31 December 2025, Pb14 OP contains Ore Reserves of 1,300 kt at 0.67% Pb, 4.87% Zn, 0.10% Cu and 9.36 g/t Ag (Table 2).

As at 31 December 2025, Pb12 UG contains total Ore Reserves of 10,503 kt at 3.00% Pb, 4.13% Zn, 0.21% Cu, 34.81 g/t Ag (Table 3).

Competent Person's Statement: The information in this report that relates to Ore Reserve is based on information compiled by Mr Falong Hu who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hu is a full-time employee of SRK Consulting (China) Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity which he undertakes to qualify as a Competent Person as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code).

MANAGEMENT DISCUSSION AND ANALYSIS

Ore Reserves Statement for Pb14 OP at Mengya'a mine as at 31 December 2025

Category	Ore Reserve (kt)	Pb grade (%)	Zn grade (%)	Cu grade (%)	Ag grade (g/t)	Pb Metal (kt)	Zn Metal (kt)	Cu Metal (kt)	Ag Metal (t)
Proved	322	1.18	4.37	0.09	14.17	3.80	14.06	0.28	4.56
Probable	978	0.50	5.04	0.10	7.78	4.91	49.28	0.97	7.61
Total	1,300	0.67	4.87	0.10	9.36	8.71	63.34	1.25	12.17

Source: SRK

Notes:

- 1 The cut-off grades used to distinguish ore from waste are set at EqPb \geq 1.8%.
- 2 The mining dilution rate is 5% and the ore loss is 5%.
- 3 The Ore Reserves are reported on a dry metric tonne basis.
- 4 The reference point for reporting of Ore Reserves is the stockpile at the crusher feed.
- 5 The Mineral Resources are effective as at 31 December 2025.

Table 3: Ore Reserves Statement for Pb12 UG at Mengya'a mine as at 31 December 2025

Type	Category	Ore Reserve (kt)	Pb (%)	Zn (%)	Cu (%)	Ag (g/t)	Pb Metal (kt)	Zn Metal (kt)	Cu Metal (kt)	Ag Metal (t)
Oxide	Proved	18	4.44	2.76	0.21	22.99	0.78	0.49	0.04	0.40
	Probable	441	5.03	2.79	0.19	27.48	22.19	12.28	0.84	12.11
	Subtotal	458	5.01	2.79	0.19	27.31	22.97	12.77	0.88	12.51
Primary	Proved	3,152	2.39	4.16	0.21	36.61	75.23	131.18	6.74	115.40
	Probable	6,893	3.15	4.20	0.21	34.48	217.11	289.80	14.60	237.67
	Subtotal	10,044	2.91	4.19	0.21	35.15	292.34	420.98	21.33	353.07
Total	Proved	3,169	2.40	4.15	0.21	36.54	76.01	131.67	6.77	115.80
	Probable	7,333	3.26	4.12	0.21	34.06	239.29	302.08	15.44	249.78
	Total	10,503	3.00	4.13	0.21	34.81	315.30	433.75	22.21	365.59

Source: SRK

Notes:

- 1 The cut-off grades used to distinguish ore from waste are set at EqPb \geq 6.0% for oxide and \geq 3.7% for fresh material.
- 2 The Ore Reserves are reported on a dry metric tonne basis.
- 3 The reference point for reporting of Ore Reserves is the stockpile at the crusher feed.
- 4 The Mineral Resources are effective as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The year of 2025 continued to be significantly influenced by the US trade policy against other countries as well as the ongoing geo-political tensions around the world, such as the Middle East and Ukraine. Faced with the global uncertainties, many countries introduced new or revised existing regulations or laws to strengthen their control over the mineral resources by means of export restrictions; higher royalties and so on. For example, in the year of 2025, China imposed export controls on some steel products and some rare metals such as tungsten, antimony and silver with the aim to step up the protection of resources and the environment. In addition, the central banks of many countries increased their gold reserves to better hedge and control risks that might be brought by potential geopolitical tension acceleration and the consequential financial market instability. The tightened supply control and rising demand led to the quick rise of non-ferrous metals such as gold, silver and copper. And it looks likely that the rising momentum will continue during the year of 2026.

The lead and zinc market were less volatile but remained relatively steady over the Year, except that the zinc price dropped much during the mid-Year but rebounded by fourth quarter of the Year. On the other hand, because the policy shifts and trade barriers in resource-rich nations have increased supply security risks, as mentioned above, the prices of other products of the Group such as copper and silver rose significantly that compensated for the revenue loss from the price drop of zinc. Overall, the domestic resource rich companies such as the Company are facing a favourable domestic market conditions that will support the healthy growth of the Company in the foreseeable future.

Business Outlook

As disclosed in the IPO Prospectus, the Group strives to solidify its market leading position in Xizang and to propel our business growth by executing the plans and strategies set out in the IPO Prospectus. In particular, we will comprehensively enhance the capabilities in our business operation chain, i.e. the process of mining, exploration and metal concentrates production via continuous and heavy investments into the mining machinery and equipment procurement to increase the operation efficiency and safety; and into the exploration activities to enhance the mineral reserves level and/or discover new varieties of non-ferrous metals within our exploration territory. We will also leverage our unique strengths in Xizang and the support from the capital market to seek quality acquisition targets that could further diversify our non-ferrous metal product portfolio and support the rapid but steady revenue and profit growth.

The market prospects will also continue being favourable to non-ferrous metal production companies such as the Company because the US trade policy and global geopolitical tensions will keep the mineral supply tightened throughout the rest of the year of 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

For the Year, the Group's revenue was approximately RMB 616.0 million, representing an increase of approximately 104.4% as compared to RMB 301.4 million of the year of 2024. The revenue increase was mainly due to the reasons that (i) the Group resumed its normal operation time schedule and did not suspend its production lines as had happened in the year of 2024. The longer production time led to more metal concentrates output which in turn resulted in more sales revenue than the year of 2024; (ii) the grade of the mineral feed (lead+zinc=6.73%) delivered in the Year to the beneficiation plant where the metal concentrates were produced was much higher than the grade (lead+zinc=5.85%) of mineral feed delivered in the year of 2024. Higher grade means more metal concentrates per ton of ore feed was produced from the processing lines, hence increasing the total concentrate volume; (iii) the sharp rise of output volume was partly offset by the decrease of the sale price of zinc. After taking into account of the price movement of treatment charge, i.e. smelting processing fee, the zinc sales price decreased by approximately 19.1%; however, (iv) the sales price of lead with silver increased by approximately 32.5% and the sales price of copper with silver increased by approximately 35.5% and the copper prices also increased by approximately 10.8%, compared with the prices of the year of 2024.

The total of revenues recognized from the sales of the non-ferrous metal concentrates during the Year, including both from the Group's own mine and the external procurements, were as following:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Type of revenue - sales of non-ferrous metal concentrates		
– Zinc concentrates	307,955	215,811
– Lead concentrates	246,357	71,512
– Copper concentrates	61,702	14,111
	616,014	301,434

The details of the sales of concentrates from the Group's own mine ores are set out as following:

Sales volume	2025	2024	Changes
Zinc (tons)	18,140	12,184	48.9%
Lead (tons)	7,218	3,552	103.2%
Silver contained in lead (kilograms)	10,445	3,385	208.6%
Copper (tons)	530	169	213.5%
Silver contained in copper (kilograms)	1,401	619	126.5%

MANAGEMENT DISCUSSION AND ANALYSIS

Unit Price (RMB)	2025	2024	Changes
Zinc	14,196	17,499	-18.9%
Lead	14,141	14,308	-1.2%
Silver contained in lead	7,340	5,379	36.5%
Copper	66,297	59,006	12.4%
Silver contained in copper	7,309	5,207	40.4%

Revenues	2025 RMB'000	2024 RMB'000	Changes
Zinc	257,513	213,200	20.8%
Lead	102,076	50,818	100.9%
Silver contained in lead	76,663	18,206	321.1%
Copper	35,138	9,975	252.3%
Silver contained in copper	10,242	3,220	218.0%
Total	481,632	295,419	63.0%

In addition, the revenues made from sales of concentrates after processing the externally procured ores rose significantly in the Year. The Group experimented processing the externally-procured ores in December 2024 with a volume of approximately 4,251 tons and achieved a success. In the Year of 2025, the Group in total had processed approximately 80,656 tons of ores that were purchased externally. Details of the sales of concentrates from externally procured ores are set out as following:

Sales volume	2025	2024	Changes
Zinc (tons)	3,599	141	2,451.2%
Lead (tons)	2,312	112	1,957.2%
Silver contained in lead (Kilograms)	5,298	178	2,877.6%
Copper (tons)	219	13	1,566.6%
Silver contained in copper (Kilograms)	412	30	1,295.6%

Unit Price (RMB) ¹	2025	2024	Changes
Zinc	14,014	18,503	-24.3%
Lead	13,868	13,663	1.5%
Silver contained in lead	6,710	5,352	25.4%
Copper	62,975	58,327	8.0%
Silver contained in copper	6,140	5,035	21.9%

Note:

1. the unit price was the average price of the three months from June to August 2025 when the sales were made of the concentrates produced from the externally procured ores, instead of the yearly average prices of 2025. Similarly, the price for 2024 was the price of December 2024 when the sales were made.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues	2025 RMB'000	2024 RMB'000	Changes
Zinc	50,442	2,611	1,832.2%
Lead	32,067	1,536	1,988.1%
Silver contained in lead	35,551	952	3,633.0%
Copper	13,794	767	1,699.4%
Silver contained in copper	2,528	149	1,601.8%
Total	134,382	6,015	2,134.5%

Cost of sales

During the Year, the cost of sales rose in total by approximately 99.0%. The increase was in line with the revenue growth over the period that was mainly attributable to the increase of non-ferrous metal concentrates production volume. The main detailed reasons are (i) the cost of external ore procurement, (ii) the increased fees paid to mining subcontractors due to increased mining volume, (iii) the logistical expenses paid for transporting the mined ores or the non-ferrous metal concentrates.

The following table sets out a breakdown of our cost of sales, sorted by nature, for the Year and the year of 2024:

	2025 RMB'000	2024 RMB'000	Changes
Fresh ores costs	83,399	4,651	1,693.1%
Subcontracting expenses	111,259	33,504	232.1%
Depreciation and amortisation	65,928	43,518	51.5%
Staff costs	38,821	28,439	36.5%
Transportation expenses	40,013	16,883	137.0%
Consumable costs	30,954	21,116	46.6%
Utility expenses	15,457	11,809	30.9%
Other taxes	22,254	11,765	89.2%
Safety and occupational health expenses	10,854	4,759	128.1%
Changes in inventories of finished goods and work in progress	(47,775)	12,181	(492.2%)
Others	20,794	8,317	150.0%
Total	391,958	196,942	99.0%

Note: Others generally included miscellaneous expenses such as compensation fee for occupation of grassland, expert consultation fees for exploration and/or mining operations; and rental fee of mining equipment and so on.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

The gross profit was approximately RMB224.1 million for the Year, representing an increase of approximately 114.4% as compared to RMB104.5 million of the year of 2024. And the gross profit margin improved to approximately 36.4% for the Year from approximately 34.7% for the year of 2024. Such increase was mainly because the increase of revenue growth was larger than the increase of the relevant cost of sales growth. The profits made from processing the externally procured ores also contributed to the overall profits growth. More detailed reasons for the revenue and cost of sales increase were mentioned above.

Other income

The other income was approximately RMB4.4 million for the Year, representing a decrease of approximately 52.7% as compared to RMB 9.3 million of the year of 2024. The decrease was primarily attributable to a decrease in government grants received by the Group during the year.

General, administrative and other expenses

The general, administrative and other expenses for the year were approximately RMB43.4 million, representing a slight decrease of approximately 8.8% as compared to RMB47.6 million in 2024. The decrease was mainly attributable to the suspension costs of approximately RMB8.4 million recorded in 2024 when the production was delayed until May 2024 and no such costs were recorded in the Year as the Group resumed its normal production as planned during the Year.

Exploration and evaluation expenses

The exploration and evaluation expenses for the Year were approximately RMB7.5 million, primarily incurred for preliminary exploration activities within the Group's Mengya'a Mine exploration rights area and its surrounding regions, including geological surveys and geophysical measurements.

Selling and distribution expenses

The selling and distribution expenses for the Year were approximately RMB0.53 million, representing an increase of approximately 17.8% as compared to approximately RMB0.45 million of the year of 2024. The increase was mainly attributable to the increase of employee salaries.

Finance costs

The finance costs for the Year was approximately RMB3.1 million, representing an increase of approximately 6.9% as compared to approximately RMB2.9 million of the year of 2024. The increase was mainly attributable to the larger amount of bank loans borrowed during the Year.

Listing Expenses

The listing expenses for the Year was approximately RMB4.2 million and approximately RMB 0.44 million was incurred during the year of 2024. The Company had completed its listing application process by the end of the Year.

Income tax expense

Since the Group operate profitably and its main business operations are in the PRC, the Group is subject to the PRC corporate income tax. The income tax expense was approximately RMB 18.1 million for the Year and RMB 7.0 million for the year of 2024. The increase was because of higher profits made during the Year than the profits of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

As a result of the reasons mentioned above, the Group made an attributable profit of approximately RMB 150.0 million during the Year, representing an increase of approximately 168.3% from approximately RMB55.9 million in 2024

Financial Position

1. *Liquidity and capital structure*

The Group had sufficient working capital which are mainly generated from non-ferrous metal concentrates production and sales. Including the funds raised from the initial public offering in December 2025, the Group's cash and cash equivalent balance as at 31 December 2025 was approximately RMB587.6 million, whereas the Group's cash and cash equivalent was approximately RMB142.2 million by end of the year of 2024. The Group mainly incurred its capital expenditure during the Year on the construction and completion of its underground mine and the new tailings pond, the details of which were mentioned above.

2. *Structure of interest-bearing bank and other borrowing*

As at 31 December 2025, the Group had interest-bearing bank loans with outstanding amount of approximately RMB87.9 million. Approximately RMB37.9 million (2024: RMB 64.7 million approximately) shall be repaid within one year. And approximately RMB50.0 million (2024: NIL) shall be repaid within two to five years, of which in February 2026, the Group repaid approximately RMB28.0 million and therefore approximately RMB 22.0 million remain outstanding to be paid off within two to five years.

As at 31 December 2025, all of the interest-bearing bank loans of the Group were denominated in RMB and the same for the year of 2024. As at 31 December 2025, all of the interest-bearing bank loans were at fixed rates and the same for the year of 2024.

3. *Gearing Ratio*

As at 31 December 2025, the gearing ratio of the Group was approximately 5.4% which was decreased by approximately 1% from approximately 6.3% from the previous year. The decrease was mainly attributable to the increase of the total equity sum caused by the funds raised from the Listing process during the Year. The gearing ratio was calculated by dividing the net assets by the total debts that consisted of bank loans, other borrowing and leasing liabilities.

4. *Contingent Liabilities*

As at 31 December 2025, the Group did not have any significant contingent liabilities that is worth reporting.

Other Issues

Significant investment, material acquisition and disposal of subsidiaries and future material investments or capital and assets acquisition plan

Save as disclosed elsewhere, during the Year, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures happening. The Group will implement its future investments or acquisitions in accordance with the disclosure detailed in the chapter of Future Plans of the IPO Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of assets

As at 31 December 2024 and 31 December 2025, the Group pledged certain assets to secure some banking loans, the details of which are set out as following:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment ¹	70,895	6,802
Leasehold lands in right-of-use assets ¹	10,525	—
Mining rights ²	—	316,290
Exploration licence	7,496	—
Restricted time deposits	—	30,000
	88,916	353,092

Note:

- ¹ The Group repaid all outstanding loans related to these pledged assets in February 2026, and the pledge on the assets has been released.
- ² The Group repaid the full amount of the outstanding loans in August 2025 against which the pledged assets had been released and there has been no charges on those assets any more.

Litigation and contingent liabilities

As disclosed in the IPO Prospectus, Huludao Jinshun Mining Development Company Limited (葫蘆島金順礦業開發有限公司) (“**Jinshun Mining**”) filed a lawsuit against our subsidiary, Huaxia Mining, in the Intermediate People’s Court of Lhasa (西藏自治區拉薩市中級人民法院) (the “**Intermediate Court**”), seeking RMB10.8 million damages for service fees and affiliated claims pursuant to a relevant service and claiming that Huaxia Mining failed to discharge its obligation to settle outstanding payments owed to it. On 28 March 2025, the said court ruled that Jinshun Mining should have sought arbitration as its first resort, thereby dismissing the lawsuit. In response to the dismissal and on 3 April 2025, Jinshun Mining made an appeal. On 26 May 2025, the Higher People’s Court of Tibet Autonomous Region (西藏自治區高級人民法院) (the “**Higher Court**”) issued a ruling, holding that the arbitration clause in the said service agreement at issue was no longer valid, and that the Intermediate Court should not have dismissed the lawsuit. The Higher Court therefore revoked the Intermediate Court’s ruling and ordered the Intermediate Court to hear the case. On 13 June 2025, the Intermediate Court served Huaxia Mining with a notice of response to the lawsuit. The case was heard on 10 November 2025 and the Intermediate Court dismissed the lawsuit again. Jinshun is currently appealing against the verdict and no hearing date has been arranged so far.

MANAGEMENT DISCUSSION AND ANALYSIS

Risk Factors

Foreign Exchange Risk

All of the Group's transactions were carried out in RMB in the past. The Group started getting involved with transactions denominated in Hong Kong dollars since its IPO application process and raised its funds in Hong Kong dollars. The fluctuation in the RMB/Hong Kong dollars exchange rate may affect the Group's operating results from then on. Fluctuations in the exchange rate may have an adverse effect on net assets of, the earnings of and any dividend declared by the Group in Hong Kong dollars.

Market Risk

As disclosed in the IPO Prospectus, the Group's revenue is susceptible to the fluctuation of the prices of the concentrates of Zinc, Lead, Copper and Silver. The Group is also subject to other various market risks, such as the interest rate movements; the price changes of other metals such as gold.

Operational Risk

As disclosed in the IPO Prospectus, the Group's concentrates production was exposed to various operational risks. Any regulatory or policy changes or law amendments in relations to environment, health and safety, and so on may potentially affect the continuous and ordinary course of operation of the Group.

Events after the reporting period

On 30 March 2026, after trading hours, the Company entered into an investment agreement (the "Agreement") with Mr. Yang Chuanshun (the "Vendor"), the 60% equity shareholder of Xizang Dachuan Mining Co., Ltd. (the "Target Company"), and Mr. Yang Laiyi, the son of the Vendor and the 40% equity shareholder in the Target Company. Both parties are independent third parties to the Group. Pursuant to the Agreement, the Company (the "Purchaser") has conditionally agreed to acquire 60% of the equity interest in the Target Company from the Vendor for a total cash consideration of RMB90,000,000. Please refer to the announcement of the Company dated 30 March 2026 for more details.

Save as disclosed in this report, there were no other important events after the Reporting Period and up to the date of this report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Compliance with the Corporate Governance Code

The Company appreciates the importance of good corporate governance to the management quality, business growth and shareholder values. The Company has adopted the Corporate Governance Policies which is prepared in accordance with the principles, code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Board is of the view that the Company has complied with the code provisions and not aware of any deviations from or non-compliance with the code provisions.

MANAGEMENT DISCUSSION AND ANALYSIS

Annual General Meeting

The annual general meeting of the Company for the Year (the “2025 AGM”) is scheduled to be held on 29 May 2026. A notice convening the 2025 AGM will be published and dispatched to the shareholders of the Company upon request in the manner required by the relevant Listing Rules in the due course.

Dividend Payment Proposal

The Board proposed the final dividend payment of RMB0.102 in cash per share (tax included) to shareholders of the Company, in an aggregate amount of RMB50,000,000. The proposal for the Year is subject to the approval by the shareholders at the 2025 AGM. If the distribution proposal is approved at the 2025 AGM, it is expected that the final dividend for the Year will be paid on Friday, 26 June 2026.

Audit Committee

The Company has established the Audit Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee consists of three directors, including two independent non-executive directors, (namely Mr. Ye Hui and Mr. Silang Wangdui), and Ms. Dong Lijun. Mr. Ye Hui is serving as the chairman who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board;
- ensuring co-ordination between internal audit function and external auditors of the Group, and ensuring that the internal audit function of the Group is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- discussing with the external auditor problems and issues of significance during the annual audit of the Group;

The Audit Committee has reviewed the audited consolidated financial statements of the Group as set out in this results announcement for the Year. The Audit Committee considered that the consolidated financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Group for the Year.

1. PRINCIPAL ACTIVITIES

Xizang Zhihui Mining Co., Ltd. is a mining company based in Xizang Autonomous Region, China, specialized in non-ferrous metal ore exploration, ore mining and metal concentrates production. Our main sale products include Zinc, Lead and Copper as well as Silver which is a by-product of the main metal concentrates. Our mining operations are located in Rongdoi Township, Jiali County, Nagqu, Xizang Autonomous Region, China.

2. BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairwoman's Statement" and "Management Discussion and Analysis" in this annual report and the paragraphs below.

3. RESULTS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss on page 92 of this annual report.

4. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment and right-of-use assets of the Group during the Year are set out in notes 14 and 15 to the consolidated financial statements, respectively.

5. BANK LOANS AND OTHER BORROWINGS

Details of the balances of the bank loans balances and other borrowings and relevant information on pledge of assets are set out in the chapter of Management Discussion and Analysis mentioned above and in notes 24 to the consolidated financial statements, respectively

6. SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 29 to the consolidated financial statements. Details about the issue of shares are also set out in note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

7. RESERVES MOVEMENTS AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Only contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 December 2025, the balance of approximately RMB68.9 million of the reserve of the Company was available for distribution as the aggregate of the contributed surplus.

8. PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Articles of Association or the laws of PRC, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

9. DIVIDEND

The Directors recommended the cash payment of a final dividend of RMB0.102 per share (2024: Nil per share), with total cash payout of approximately RMB50,000,000. Subject to obtaining the approval at the 2025 AGM, the final dividend is expected to be paid on 26 June 2026. The dividend decision proposed by the Board was in accordance with the Company's dividend policy. To the best knowledge of the Board, for the year ended 31 December 2025, no shareholders had waived or agreed to waive any dividends.

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC 《(中華人民共和國企業所得稅法)》 and its implementing rules and the Notice from the State Administration of Taxation on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (Guo Shui Han [2008] No. 897) 《(國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知)》(國稅函[2008]897號)), the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes dividends to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee holder on behalf of investors who invest in the H Shares of the Company through Hong Kong Stock Connect and H Share "Full Circulation"). The non-resident enterprise Shareholders may, on their own or through an authorized agent, apply to the competent tax authorities of the Company to enjoy the tax preferential treatments under the tax treaty (arrangement) by providing information of them being the actual beneficiaries of the tax treaty (arrangement).

REPORT OF THE DIRECTORS

Pursuant to the Notice of State Administration of Taxation on Issues Relating to Administration of Levying of Individual Income Tax Upon Abolishment of Document Guoshuifa [1993] No. 045 《(國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知)》(the "Notice", Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation on June 28, 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the individual income tax rates applicable to foreign resident individual shareholders themselves vary depending on the relevant tax treaty (arrangement) between the country or region (such as Hong Kong/Macao) to which their resident status belongs and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

Other details in relation to the dividend issue such as the closure of register of members will be disclosed in the relevant announcement that will be published in due course.

10. USE OF PROCEEDS FROM LISTINGS

On 19 December 2025, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issuance of 121,952,000 new shares of RMB1 each issued at an offer price of HK\$4.51 per share and the total proceed was HK\$550,004,000. The listing expenses incurred was approximately HK\$55.0 million which led to the net proceeds of approximately HK\$ 495 million (equivalent to RMB of approximately RMB 450 million). By the end of the Year, no proceeds had been utilized and the details of future use of the net proceeds are set out as following:

in thousands of RMB					
Items	Percentage	Net proceeds from the global offering of the Company as of December 30, 2025	Utilized proceeds during the Reporting Period	Unutilized proceeds as of the end of the Reporting Period	Expected timetable for the fully utilizing of unutilized proceeds
Comprehensive mining					
capacity enhancement	29.20%	131,400	0	131,400	By end of 2028
Investment in mine exploration	23.40%	105,300	0	105,300	By end of 2028
Ore processing and					
concentrates production					
capability enhancement	18.70%	84,150	0	84,150	By end of 2028
Investment in and					
acquisition of mines assets	14%	63,000	0	63,000	By end of 2026
Bank loans repayment	7%	31,500	0	31,500	By end of 2026
Working capital and other					
general corporate purposes	7.70%	34,650	0	34,650	By end of 2026
Total¹	100.00%	450,000	0	450,000	

Note:

- The foreign exchange rate applied was HK\$1.10 which was consistent with the exchange rate applied in the Prospectus.

REPORT OF THE DIRECTORS

11. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not purchased, redeemed or sold any listed securities of the Company during the Year.

12. KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group appreciates and recognises the contributions from its employees and provides comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group makes its best efforts to offers all its employees a healthy and safe workplace. No strikes and other cases of serious employment disputes due to workplace accidents were reported in the Year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and transparent manner. The Group's requirements and standards on their suppliers as well as the performances of its main suppliers are also well communicated to them. The main suppliers' business terms are reviewed timely to ensure the fairness and openness. The Group also values the views and opinions of all customers received and collected through various means and channels. Good communication is maintained with its clients to understand their needs and necessary actions are taken to address those needs. The Group also conducts comprehensive and sufficient tests and checks to ensure that only quality products and services are offered to the customers. More details of the major customers and suppliers can be found below.

13. MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for 76.6% of the total sales for the Year, in which sales to the largest customer represented approximately 35.9% of the total sales of the Year.

The cost of sales mainly consists of sub-contractor fees, depreciation and amortization, staff costs and various purchases. The purchases from the Group's five largest suppliers amounted to 69.6% of the total purchases for the Year, in which purchases from the largest supplier represented approximately 18.8% of the total purchases of the Year.

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) has an interest in the major suppliers or customers noted above.

REPORT OF THE DIRECTORS

14. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors and senior management of the Company during the year and up to the date of this report:

Name	Age	Position(s)	Date of appointment	Time of joining our Group	Date of retirement/resignation
Directors					
Ms. He Qian (何前)	53	Chairwoman of our Board, executive Director	27 November 2020	13 January 2019	N/A
Ms. Fan Xiulian (范秀蓮)	61	Non-executive Director	28 November 2013	Since the establishment of our Company	N/A
Mr. Lv Xijun (呂喜軍)	62	Non-executive Director	25 May 2016	20 September 2014	30 March 2026
Mr. Lhakpa Tsering (拉巴次仁)	53	Non-executive Director	27 November 2020	27 November 2020	N/A
Mr. Silang Wangdui (斯郎旺堆)	40	Non-executive Director	8 December 2023	8 December 2023	N/A
Mr. Ye Hui (葉輝)	50	Independent non-executive Director	27 November 2020	27 November 2020	N/A
Ms. Yang Xiaoyan (楊曉燕)	51	Independent non-executive Director	27 November 2020	27 November 2020	N/A
Ms. Dong Lijun (董黎君)	56	Independent non-executive Director	8 December 2023	8 December 2023	N/A
Senior Management					
Mr. Ma Ying (馬英)	53	General Manager	18 April 2023	20 September 2014 ^(Note)	N/A
Mr. Xu Baofu (徐寶富)	40	Deputy general manager	18 April 2023	20 September 2014 ^(Note)	N/A
Mr. Xing Zhenshuo (邢振鑠)	37	Deputy general manager	18 April 2023	20 September 2014 ^(Note)	N/A
Mr. Li Shun (李順)	49	Chief financial officer and company secretary	28 October 2024	20 September 2024	N/A
Mr. Kang Yimin (康亦民)	56	Chief geotechnical engineer	Since January 2022	20 September 2014 ^(Note)	N/A

Note: The person joined our Group as an employee of Huaxia Mining, which became a subsidiary of our Group in 20 September 2014.

REPORT OF THE DIRECTORS

Each of our Directors confirms that he/she (i) has obtained legal advice referred to under Rule 3.09D of the Listing Rules from our legal advisers as to Hong Kong laws on 14 April 2025, respectively with regards to the requirements under the Listing Rules that are applicable to him/her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of our Directors has entered into service contracts with the Company. The main particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Directors shall be elected, replaced or removed before the expiration of their term of office by the general meeting. Where a new Director is not yet available upon expiration of a Director's term, or the number of the Directors on the Board is less than the quorum due to the resignation of a Director within the term, such Director, before the new Director takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, the articles or association and all the Hong Kong relevant regulatory rules.

15. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Detailed biographies of Directors and senior management of the Company are set out on pages 76 to 84 of this annual report.

16. DIRECTORS' SERVICE CONTRACT

All Directors have entered into formal service contracts or letters of appointment with the Company for a term of 3 years and are subject to retirement and/or re-election by the end of the term in accordance with the Articles of Association. None of the Directors will retire and face re-election in the 2025 AGM.

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board duly authorised by the Shareholders at the AGM, having regard to the Group's operating results, individual performance and comparable market statistics.

Save as disclosed in this annual report, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the Year. No director has waived or agreed to waive their entitled emoluments due. More details of the remuneration for directors and top 5 highest paid employees can be found in Note 11 in the financial statements.

REPORT OF THE DIRECTORS

17. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

18. CONTRACT OF SIGNIFICANCE

During the Year, no contract of significance has been entered into between the Company or any of its subsidiaries and any controlling shareholder or any of its Shareholders or any of their subsidiaries. Nor has there been any signed contract of significance for the provision of services to the Company or any of its subsidiaries rendered by any controlling shareholders or any of its subsidiaries.

19. RESTRICTED SHARE AWARD SCHEME

The Company did not set up any share award scheme during the Year.

20. INDEMNITIES MADE TO THE DIRECTORS

The Company has purchased and will maintain appropriate Directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

21. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors or substantial Shareholders or any of their respective close associates has engaged in any business that competes or is likely to compete with the business of the Group, or has any other conflict of interests with the Group.

REPORT OF THE DIRECTORS

22. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and the chief executives (equivalent of the general manager in the Group) of the Company in the shares, underlying shares or debentures of the Company and 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 or short positions which they 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 in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Capacity	Class of shares	Number of shares/ underlying shares in the Company ^{1&2&3}	Total interests as to percentage of the issued share capital of the Company as at 31 December 2025
He Qian	Interest in Controlled Corporation	Ordinary	203,853,659(L)	41.79%
Fan Xiulian	Interest in Controlled Corporation	Ordinary	203,853,659(L)	41.79%
Lv Xijun	Interest in Controlled Corporation	Ordinary	203,853,659(L)	41.79%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares. All interests are long positions. As at 31 December 2025, the total number of issued shares of the Company was 487,805,659.
2. As at 31 December 2025, Zhihui Partnership was a limited partnership established under the laws of the PRC with Ms. He Qian being its executive partner. The partnership agreement of Zhihui Partnership provides, among other things, that the executive partner shall be responsible for the management and execution of the affairs of Zhihui Partnership. As such, Ms. He is deemed to be interested in the 5,853,659 Shares held by Zhihui Partnership under the SFO rules.
3. Xizang Zhifeng holds 198,000,000 issued shares and is the controlling shareholding corporation. Pursuant to the Act In Concert Confirmation, each of Ms. Fan, Mr. Lv and Ms. He was deemed to be interested in 198,000,000 Shares held by Xizang Zhifeng and also 5,853,659 Shares held by Zhihui Partnership.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company had any interests or short positions in any shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

23 DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Year 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 spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares of the Company in, or debt securities (including debentures) of the Company or any other body corporate.

24. SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Long Position in Ordinary share of the Company

Name of Shareholders	Capacity	Number of Shares of the Company interested ^{1&2&3}	Percentage of the issued share capital of the Company as at 31 December 2025
Xizang Zhifeng	Beneficial owner	198,000,000(L)	40.59%
He Qian	Interested in controlled corporation	203,863,659(L)	41.79%
Fan Xiulian	Interested in controlled corporation	203,863,659(L)	41.79%
Lv Xijun	Interested in controlled corporation	203,863,659(L)	41.79%
Xizang Geological Mineral Resources Group Co. Ltd (Note 4)	Beneficial owner	162,000,000(L)	33.21%

Note:

- The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares. All interests are long positions. The total number of issued shares as at 31 December 2025 was 487,805,659.
- As at 31 December 2025, Zhihui Partnership was a limited partnership established under the laws of the PRC, with Ms. He Qian being its executive partner that held. The partnership agreement of Zhihui Partnership provides, among other things, that the executive partner shall be responsible for the management and execution of the affairs of Zhihui Partnership. As such, Ms. He is deemed to be interested in the 5,853,659 Shares held by Zhihui Partnership under the SFO rules.
- Pursuant to the AIC Confirmation, each of Ms. Fan, Mr. Lv and Ms. He was deemed to be interested in 198,000,000 Shares held by Xizang Zhifeng and also 5,853,659 Shares held by Zhihui Partnership.
- Xizang Shengyuan Mineral Group Co., Ltd. (西藏盛源礦業集團有限公司, a limited liability company established in the PRC and is ultimately owned by Xizang SASAC) changed its name in December 2025 to Xizang Geological Mineral Resources Group Co Ltd (西藏地質礦業集團有限公司).

REPORT OF THE DIRECTORS

25. MANAGEMENT CONTRACTS

Save as disclosed herein, no contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

26. CONNECTED TRANSACTIONS

The Company or its subsidiaries did not enter into or execute any transactions with any Directors or substantial Shareholders or any of their respective close associates or any other connected parties as defined according to the definitions in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A during the Year.

27. COMPLIANCE WITH NON-COMPETITION AGREEMENT

As at 31 December 2025, none of the Directors or substantial Shareholders or any of their respective close associates has engaged in any business that competes or is likely to compete with the business of the Group, or has any other conflict of interests with the Group.

28. COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries established in the PRC and the Company was incorporated in the PRC and is a listed company on the Main Board of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of the PRC and Hong Kong.

The Group complies with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), the Listing Rules and the SFO for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and ordinances relating to occupational safety for the interest of employees of the Group. During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

29. ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITIES

The Group as well as the Board and management of the Company aims at growing its business in a sustainable manner. The Company and its Board are fully aware of their responsibility for monitoring the impact of the business onto the environment. The Group is committed to maintaining sustainable working practices and pays close attention to ensure that all resources are efficiently utilised. During the Year, to the best knowledge of the Directors, the Group has complied with relevant laws and regulations that have a significant impact on the Group.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("ESG") Report together with the publication of this annual report, which also mentioned the progress made by the Group in respect of the ESG related business.

30. PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules for the Year and up to the date of this annual report.

31. AUDIT COMMITTEE

The Audit Committee has reviewed the annual results announcement of the Company for 2025 and the consolidated financial statements for the year ended 31 December 2025.

32. AUDITOR

The consolidated financial statements stated in this annual report have been audited by the Company's auditor Deloitte Touche Tohmatsu. A shareholders' resolution for appointing Deloitte Touche Tohmatsu as the auditor for the financial year of 2025 was passed on 2 December 2025 at the shareholders' general meeting. The auditor of the Company has not changed since then.

33. FINANCIAL HIGHLIGHTS

The operating performance, assets and liability highlights of the Group for the last four fiscal years are stated on page 4 of this annual report.

34. FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANY BY THE COMPANY

The Company as well as its subsidiaries did not offer any financial assistance and/or guarantees to any external parties other than to its wholly owned subsidiaries who successfully was offered bank loan facilities.

35. TAXATION RELIEF

According to the Notice of the Continuation of Enterprise Income Tax (EIT) for Implementation of Exploration and Development of Western Region (《關於延續西部大開發企業所得稅政策的公告》) jointly issued by the Ministry of Finance of the PRC and the State Administration of Taxation and National Development and Reform Commission on 23 April 2020, operating companies located in the western region of the PRC which engage in "encouraged businesses" are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounts for 60% of the total revenue of the company in that year. Our Company and our subsidiary, Zhihua Industrial, are categorised as the said companies which are entitled to the preferential EIT of 15%. Additionally, each of our Company and Zhihua Industrial were granted with further waiver of 40% local tax. Huaxia Mining was also granted with waiver of 40% local tax. There is no assurance that the said preferential tax rate treatment according to the PRC laws and regulations will not change or be discontinued in the future.

REPORT OF THE DIRECTORS

36. EQUITY-LINKED AGREEMENTS AND DEBENTURES

Save as disclosed herein, the Company has in place no equity-linked agreement or any purchase arrangement for debenture of the Company within the meaning of Part XV of the SFO during the Year.

37. CHARITABLE DONATIONS

During the Year, the Company kept its commitments to local community support and investment. It donated approximately RMB10.1 million to Jiali County to fund the local education and transportation development. It also donated RMB 437,500 to the local people at Xigaze (日喀則) who suffered from the terrible earthquake that happened in January 2025.

38. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 30 March 2026, the Company entered into an investment agreement (the "Agreement") with Mr. Yang Chuanshun ("Vendor"), the majority shareholder of Xizang Dachuan Mining Co., Ltd. (the "Target Company"), and Mr. Yang Laiyi, the son of the Vendor and a 40% equity holder in the Target Company. Both parties are independent third parties to the Group. Pursuant to the Agreement, the Company (as purchaser) has conditionally agreed to acquire 60% of the equity interest in the Target Company from the Vendor for a total cash consideration of RMB90,000,000. More details can be found in the separate announcement that was published on 30 March 2026.

By order of the Board

Ms. He Qian

Chairwoman of the Board and Executive Director

28 April 2026

CORPORATE GOVERNANCE REPORT

The Company appreciates the importance of good corporate governance to the management quality, business growth, and shareholder value. The Company has adopted the Corporate Governance Policies which is prepared in accordance with the principles, code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and is in the best interest of the Company and its Shareholders. During the year ended 31 December 2025, save as disclosed in section 28 "Compliance with Corporate Governance Code and Laws and Regulations" of the chapter headed "Report of the Directors" above, the Company has complied with the Corporate Governance Policies as well as the principles and all the applicable code provisions of the Corporate Governance Code. Meanwhile, it has also complied with most of the recommended best practices of the Corporate Governance Code. Details of the code provisions adopted and complied with by the Company during the Year are set out below.

BOARD COMPOSITION

The Board is collectively responsible to all Shareholders for leading and overseeing the Group's business, and is in charge of operation and decision making. The Board is mainly responsible for formulating the business strategies, objectives, policies and plans of the Company, and monitoring the execution of the Company's strategies. It is also responsible for overseeing and controlling the operational and financial performance of the Company and establishing appropriate risk management policies and procedures in order to ensure that the strategic objectives of the Group are achieved. In addition, the Board is also responsible for improving the corporate governance structure and enhancing communications with the Shareholders. The management team headed by the General Manager is responsible to the Board and executes the strategies and plans formulated by the Board, and makes decisions for day-to-day operation. The management shall report monthly to the Board on the operational and financial performance of the Company.

During the Year, the Board consisted of the following eight members:

Executive Director	Non-executive Directors	Independent non-executive Directors
Ms. He Qian (<i>Board Chairwoman and executive Director</i>)	Ms. Fan Xiulian Mr. Lv Xijun (resigned on 30 March 2026) Mr. Lhakpa Tsering Mr. Silang Wangdui	Mr. Ye Hui Ms. Yang Xiaoyan Ms. Dong Lijun

During the Year, the Company has appointed a sufficient number of independent non-executive Directors who are equipped with relevant qualifications in accordance with the requirements of the Listing Rules.

As of 31 December 2025, the Company had three independent non-executive Directors in total, representing over one-third of the total number of Directors. In the meantime, the Board comprised four female directors, accounting for 50% of the total board members.

Details of the Directors' biographies are disclosed in the section headed "Biographies of Directors and Senior Management" of this annual report. None of the members of the Board has any relationship with other members.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they continue to make informed and relevant contributions to the Board. The Company is committed to the continuous professional development of its Directors, as well as the senior management team, and offers sufficient training programs and learning materials, encouraging them to participate in such training to ensure they have an appropriate understanding of the Company's business and operations, as well as a full understanding of their duties and responsibilities as Directors under the Listing Rules and relevant legal requirements.

Before the listing date of 19 December 2025, the Company had organized training course for all Directors which was provided by Hong Kong law qualified legal advisors covering the topics that were necessary for the Directors to perform their duties and cares acting as the Directors for a Hong Kong listed company. The Directors had also been provided with the reading materials, including but not limited to professional training on business development, corporate governance, risk management and internal controls, legal compliance and sustainable development that were relevant to performing their duties and responsibilities.

Since the Company was newly listed on 19 December 2025, each Director will complete no less than 24 hours of continuous professional development training within 18 months of the date of their appointment as stipulated under Rule 3.09H of the Listing Rules.

COMPANY SECRETARY

Mr. Li Shun was appointed as the company secretary of our Company on 26 March 2025 (effective upon Listing). For the biography of Mr. Li, see "– Senior Management" of this section. Mr. Li had fulfilled the training time requirement as the company secretary for the period of the Year.

ANNUAL REMUNERATION OF THE SENIOR MANAGEMENT

Details of the remuneration paid to the senior management of the Group by band (excluding Directors), whose biographies are set out on pages 76 to 84 of this annual report, for the year ended 31 December 2025 are set out below:

	No. of individuals
Nil to HK\$1,000,000	2
HK\$2,000,001 to HK\$2,500,000	1
HKD2,500,001 and above	1

LIABILITY INSURANCE

The Company has purchased liability insurance for the Directors and its senior management for a term of one year.

CORPORATE GOVERNANCE REPORT

TENURE OF THE DIRECTORS AND THE INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The term of office under service contracts of non-executive Directors and independent non-executive Directors are three years from their respective dates of appointment and subject to retirement by rotation in accordance with the Bye-laws.

As at the date of this annual report, the Company met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to rule 3.13 of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his or her independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Year.

GENERAL MEETING, BOARD MEETING AND SPECIALIZED COMMITTEE MEETING

The Board should hold meetings regularly, with a minimum frequency of four times per year, to discuss and review the overall strategy as well as the operational and financial performance of the Group. Notice of all regular Board meetings shall be given at least 14 days in advance to enable all Directors to attend either in person or through electronic communication means, and it include relevant matters in the agenda of regular meeting.

For other Board and Board Committee meetings, reasonable notice shall generally be provided. The agenda and relevant Board meeting materials shall be circulated to Directors or Board Committee members at least three days prior to the meeting to ensure they have sufficient time to review the documents and prepare adequately. Should any Director or Board Committee member be unable to attend a meeting, they shall be informed of the matters to be discussed beforehand and given the opportunity to communicate their views to the chairwoman.

In addition, the chairwoman of the Board should hold at least an annual meeting with the independent non-executive Directors without the presence of the other Directors. It provides an effective opportunity for the Chairwoman to communicate with the independent non-executive Directors on issues such as corporate governance improvement, effectiveness of the Board, and/or other issues that they may wish to raise in the absence of other Directors and senior management of the Company.

CORPORATE GOVERNANCE REPORT

As the Company's H Shares were listed on the Stock Exchange on 19 December, 2025, neither Board meeting or any Board Committee meeting was held and no general meeting was convened during the period from the listing date until 31 December, 2025. During the period from the listing date until the date of this report, no general meeting was held and the Board meetings held by the Company and the attendance records of each director to those meetings are set out as following:

Name of Directors	Attendances and Number of Meetings from the Date of Listing to the Date of the Report				
	Board of Directors	Strategy Committee	Audit Committee	Remuneration and Assessment Committee	Nomination Committee
Executive Director					
He Qian	2/2	/	/	1/1	/
Non-executive Director					
Fan Xiulian	2/2	1/1	/	/	/
Lv Xijun	1/2	/	/	/	/
Lhakpa Tsering	2/2	/	/	/	/
Silang Wangdui	2/2	/	2/2	/	/
Independent Non-executive Directors					
Ye Hui	2/2	/	2/2	/	/
Dong Li Jun	2/2	/	2/2	1/1	/
Yang Xiaoyan	2/2	1/1	/	1/1	/

BOARD COMMITTEES

Our Board delegates certain responsibilities to various dedicated committees in accordance with relevant PRC laws, regulations, the Articles of Association and the Listing Rules, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

We have established the Audit Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Ye Hui, Mr. Silang Wangdui, and Ms. Dong Lijun, with Mr. Ye Hui serving as the chairman. Mr. Ye holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board;
- ensuring co-ordination between internal audit function and external auditors of the Group, and ensuring that the internal audit function of the Group is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- discussing with the external auditor problems and issues of significance during the annual audit of the Group; and

Remuneration Committee

We have established the Remuneration Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Ms. Dong Lijun, Ms. He, and Ms. Yang Xiaoyan, with Ms. Dong Lijun serving as the chairwoman. The primary duties of the Remuneration Committee include, but not limited to, the following:

- advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent formal procedures for determining remuneration policy of our Company;
- examining the criteria of performance evaluation of our Directors and the senior management of our Company, conducting performance evaluation and making recommendations to our Board;
- formulating individual remuneration plans for our Directors and members of the senior management in accordance with the terms of reference of the importance of their positions, the time they spend on such positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies; and
- dealing with other matters that are authorised by our Board, and if necessary, engaging external experts to provide relevant independent services.

Nomination Committee

We have established the Nomination Committee (effective from the Listing Date) with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Ms. Yang Xiaoyan, Mr. Lhakpa Tsering and Ms. Dong Lijun, with Ms. Yang Xiaoyan serving as the chairwoman. The primary functions of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, general managers and other members of the senior management;
- overseeing the implementation of our Board diversity policy; taking into account various factors when determining the composition of our Board, including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure;
- examining the size and composition of our Board and its members in respect of their skills, knowledge, experience and diversity at least once every year, and making recommendations to our Board on any change in our Board composition in accordance with our strategies;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; and
- dealing with other matters that are authorised by our Board.

CORPORATE GOVERNANCE REPORT

Strategy Committee

We have established the Strategy Committee which consists of three Directors, namely Ms. Fan, Mr. Lv and Ms. Yang Xiaoyan, with Ms. Fan serving as the chairwoman. The Strategy Committee will assist our Board, in conjunction with our senior management, in addressing the overall mission, vision and strategic direction of our Company. The primary functions of the Strategy Committee include, but not limited to:

- considering and approving of major financing decisions and plans;
- providing our Board and senior management, as applicable, with input and recommendations with respect to key strategic initiatives;
- assisting management in establishing a strategic planning process;
- identifying and addressing organisational challenges; and
- evaluating strategic alternatives for our Board and senior management.

CORPORATE GOVERNANCE

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, we intend to comply with the corporate governance requirements under the Corporate Governance Code after the Listing.

BOARD DIVERSITY

We have adopted a board diversity policy ("**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to our Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, mining exploration and production, law, finance and accounting. They obtained degrees in various majors including but not limited to business administration, accounting and mine engineering.

Our Board is of the view that our Board satisfies our Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of our Board, reviewing our Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing our Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective. We will (i) disclose the biographical details of each Director and (ii) report on the implementation of our Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, we will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for our Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices.

CORPORATE GOVERNANCE REPORT

Four out of eight of our Directors upon Listing are female, and we have been taking and will continue to take steps to maintain that our Board with gender diversity. Further, we have been taking, and will continue to take steps to promote gender diversity at our Board and management levels. Our Board Diversity Policy provides that our Board should aim to maintain the proportion of female members over time after the Global Offering where possible when selecting and making recommendations on suitable candidates for our Board appointments. We place great importance on gender diversity, with approximately 11.7% of our employees being female as at 31 December 2025. We will (i) aim to maintain the percentage of female staff who has the necessary skills and experience, especially at middle to senior level; (ii) provide career development and training opportunities to our female staff whom we consider having the suitable experience, skill and knowledge of our operation and business to prepare them with the required attributes and competencies to serve as members of our Board with regards to our strategic needs and the industry in which we operate, such that they will be eligible for managerial and board-level positions in the future; and (iii) identify and select suitable female candidates to become our Board members and such candidates will be reviewed and recommended by our nomination committee to our Board periodically. We are of the view that the above measures will offer greater prospects for securing a pipeline of female candidates to maintain gender diversity in our Board in the long run.

In addition, two out of eight of our Directors are Zang ethnic minority. We have achieved ethnic diversity within our leadership, which enables us to gain deeper insights into Xizang's unique culture. Our workforce reflects the rich ethnic inclusion and approximately 21% of the total employees are from ethnic minorities, such as Zang, Mongol, Manchu, Hui, Tujia, Yi, and Pumi and so on. This ethnic inclusion is a point of pride for our Company, as it creates a dynamic and inclusive work environment that draws from a wide range of perspectives and life experiences. We actively promote cross-cultural understanding and collaboration, enabling employees of all ethnic backgrounds to contribute their unique talents and skills.

BOARD INDEPENDENCE

The Board understands that independent views and input are vital elements to good corporate governance, the Company strives to ensure independent views and input are available to the Board, including, among others, (i) allowing individual Director direct access to advice from the management team as well as external independent professional advisers of the Company, where necessary; and (ii) arranging meetings between independent non-executive Directors and Chairwoman of the Board or external auditors, allowing the independent non-executive Directors to express their own views and raise any issues or irregularities which they have noted and may have an impact on the Company, and also for them to provide constructive advice to the Board accordingly.

CORPORATE GOVERNANCE

The Board is the highest authority of the Group on corporate governance, whose main responsibilities include:

- (a) to develop and review the Group's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Group's policies and practices in compliance with the laws and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and

CORPORATE GOVERNANCE REPORT

- (e) to review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.
- (f) to review the effectiveness and adequacy of risk management systems and practices

The Company compiled the existing corporate governance system and dispatched it to the Directors in 2025. The Board reviews the corporate governance initiatives of the Group on an annual basis.

REMUNERATION OF AUDITOR

The Shareholders approved the resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company for 2025 and authorizing the Board to determine its remuneration at the annual general meeting of the Company held on 6 January 2025. The board has re-appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year of 2026 with a term of one year, subject to the approval by the Shareholders at the upcoming 2025 AGM. The audit fee in relation to next-year annual audit is estimated in the range of approximately RMB1.5 million - RMB2.0 million. The estimation is made with reference to the current market rates of peer listed companies of similar size and industry, scope and complexity of the audit workload and other factors potentially related to annual audit work. Although the estimated audit fee is a preliminary agreement with the auditor that is subject to the final assessment of the actual circumstance and workload in the future, the Directors considers it is a fair and reasonable estimation based on the facts and information known as at the date of this report. As of 31 December 2025, details of the audit and non-audit services provided by the auditor to the Group are as follows:

Audit Service	RMB 1,100,000.00
Non-audit Service	0

DIRECTORS AND AUDITOR'S RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the financial statements for the year ended 31 December 2025, which gave a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. The Company allocated sufficient resources to prepare the audited account. Senior management was required to present and explain the financial reporting and matters that materially affected or may have material impact on the financial performance and operations of the Company to the Audit Committee and the Board and respond to the queries and concerns raised by the Audit Committee and the Board to their satisfaction. The consolidated financial statements have been prepared in accordance with the IFRS. In addition, the financial statements included appropriate disclosure made in accordance with the Listing Rules and the Companies Ordinance. The responsibility of the independent auditor engaged by the Company for the preparation of the financial statements of the Group was set out in the independent auditor's report of this annual report.

The Directors have given careful consideration to the going concern of the Group, and are not aware of material uncertainties in relation to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Hence, the Group's consolidated financial statements have accordingly been prepared on a going concern basis. For further details, please refer to note 3.1 to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility for maintaining appropriate and effective risk management and internal control system to protect the Shareholders' investments and the Group's assets, including but not limited to setting management structure and granting the appropriate authorization, identifying proper accounting policy and providing reliable financial information. The measures above were designed to provide reasonable (but not absolute) assurance against material misstatement or loss, and to manage (but not fully eliminate) risks of failure in operational systems and in achieving the Group's objectives.

CORPORATE GOVERNANCE REPORT

The Board, through the Audit Committee, continuously oversees the financial reporting system, risk management and internal control system of the Group; reviews the financial control of the Group and reviews the effectiveness of the Group's risk management and internal control systems on an annual basis; discusses the risk management and internal control system with the management and ensures that the management has performed its duties in establishing an effective system; considers major investigation findings on risk management and internal control matters and the response of the management on investigation findings.

The Group has its internal audit department which has formulated relevant mechanism, and set up proper internal control procedures to ensure the effectiveness of internal control and risk management, and extended its application to all subsidiaries controlled by the Group. The internal audit department is directly under the leadership of and reports to the Board Chairwoman and the Audit Committee. The department independently carries out the internal audit and monitoring work of the Company, and, pursuant to the work program approved by the Audit Committee and based on the internal control, daily monitoring and project monitoring, comprehensively evaluates the work priorities from the dimensions of the possibility of risk occurrence and the degree of impact on the Company's objectives.

The Group has established an internal control system and formulated regulations on the segregation of duties of the Board and senior management, according to which the senior management is responsible to the Board and executes Board resolutions, and takes major responsibilities for the management and monitoring of the Group's operations. The management of the Group provides the members of the Board with monthly updates of the Group, which set out the balanced and comprehensible assessment of the Group's performance, financial position and prospects.

The Group has formulated the Information Disclosure Management System, the Administrative Measures on Connected Transactions and the Inside Information Disclosure System to identify and process the inside information. The Board assesses the effectiveness of the procedures for identifying and processing inside information in due course, so as to maintain the confidentiality of inside information prior to the disclosure with proper approval and disseminate such information in an effective and consistent manner.

The Group has formulated the Integrity Management System to promote and support anti-corruption laws and regulations, strengthen the construction of enterprise integrity, regulate the conduct of all staff, and create a clean and efficient working atmosphere. The Group has developed the Whistleblowing Policy to enable the Group's employees and other external stakeholders of the Group (such as customers and suppliers) to raise their concerns about any possible impropriety with respect to the Group to the Audit Committee confidentially and anonymously. The "Contact information of the Audit Committee of the Board" is available under the "Investor Relations" section on the Company's website for whistleblowing by the external stakeholders of the Group.

The Group has developed internal control procedures to identify, evaluate and manage significant risks and to resolve material internal control defects (if any). Such procedures are implemented by the internal audit department which mainly include: formulation of the assessment work plan, implementation of on-site testing, identification of control deficiencies, compilation of assessment results, preparation of assessment report, etc. During the assessment process, the Audit Department widely collects evidences regarding the effectiveness of internal control design and operation, fills in the internal control risk assessment paper in a truthful manner and analyses the internal control deficiencies through a combination of methods and approaches such as individual interview, questionnaire survey, panel discussion, sampling inspection, walk through testing, on-site inspection and comparative analysis. When internal control deficiencies are identified in the audit, monitoring and assessment of the Company's risk management system, the Audit Department takes rectification measures after communication with the management.

CORPORATE GOVERNANCE REPORT

By doing so, the Board is of the opinion that the Group has maintained effective internal control over the financial reporting process in all material aspects with reference to the requirements under the enterprise internal control regulation system and the relevant provisions. According to the assessment of deficiencies in the internal control over the non-financial reporting process of the Group, as at the reference date of the internal control assessment report, no material deficiencies or major deficiencies in the internal control over the non-financial reporting process were identified.

In 2025, the Board has reviewed the effectiveness of the Group's risk management and internal control system, and considers the risk management and internal control system effective and adequate.

CONSTITUTIONAL DOCUMENTS

Save for the amendments made in connection with the listing of the H Shares on the Main Board of the Stock Exchange, there were no other significant changes to the Company's constitutional documents during the year ended 31 December 2025.

SHAREHOLDERS' COMMUNICATION POLICY

In order to promote effective communication with the Shareholders, the Company has adopted a shareholders' communication policy which is published on the Company's website. According to the shareholders' communication policy, among other things:

- (1) Information shall be disseminated by the Company to the Shareholders and the investment community mainly through the publication of interim and annual reports, annual general meetings and other general meetings convened, as well as the information disclosed or published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) or the Company's website (www.zhihuimining.com).
- (2) General meetings are deemed to be the principal channel of communications between the Company and the Shareholders. The Shareholders are encouraged to participate in the Company's general meetings in person or, where they are unable to attend the meetings, appoint proxies to attend and vote at the meetings for and on their behalf.
- (3) The Company shall facilitate communications with the Shareholders and the investment community by organizing roadshows, investor meetings, investor/analyst presentations, individual meetings and media interviews on a regular basis.

In light of the shareholders communication policy adopted and communication channels already in force, and the general meetings of the Company held during the year which enabled the Directors to exchange views with the Shareholders and answer their questions, the Board has reviewed and considered that the Company's shareholder communication policy has been appropriately implemented and remains effective during the year ended 31 December 2025.

The rights of Shareholders

The Articles of Association provide the rights and obligations of all Shareholders.

Shareholders are encouraged to attend the annual general meetings/extraordinary general meetings to ensure the high level of accountability and to stay apprised of the Group's strategy and goals.

CORPORATE GOVERNANCE REPORT

According to the Listing Rules, any voting of the shareholders at a general meeting must be taken by poll (except where the Chairwoman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) and the results of the poll shall be deemed to be the resolution of the meeting. The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition. Shareholders may send a written requisition to the Board or Company Secretary at the Company's office in Hong Kong for putting forward any proposals to the Board.

Procedures of shareholders to propose a general meeting

1. If there are two or more Shareholders who jointly hold more than 10% (inclusive) of shares with voting rights at the general meeting to be convened sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or class meeting, and specify the topics of the meeting. The Board shall convene an extraordinary or class meeting responsively after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated as on the day when the Shareholders make the written request.
2. If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the Shareholders who put forward the said request may convene a meeting by themselves within 4 months from the date when the Board receives the said request. The convening procedure shall, where possible, be the same as the procedure by which the Board convenes general meetings. Under that circumstance where the Shareholders convene a general meeting because of the Board's failure to convene the meeting pursuant to the aforesaid request, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting Directors.

From the date of the listing on the Hong Kong Stock Exchange, i.e. 19 December 2025, to 31 December 2025, the Company held no general meetings.

Procedures of putting forward enquiries to the Board by Shareholders

For putting forward any enquiries or proposals to the Board, Shareholders may send written enquiries to the Company. The contact information is as follows:

Post Address: The Board Secretary office, Building 8, International Headquarters City, Duilong Deqing District, Lhasa, Xizang Autonomous Region, China 中國西藏自治區拉薩市堆龍德慶區國際總部城8幢

Tel: +86 -0891-6818268

E-mail address: xzzhky@xzzhky.com

Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed if required by relevant laws or regulations.

CORPORATE GOVERNANCE REPORT

Shareholders' enquiries

Any enquiries relating to your shareholding, for example, transfers of shares, change of address, loss of share certificates or dividend cheques, shall be sent or made to Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong whose contact information is as follows:

Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong

Tel: +852 2862 8628

Fax: +852 2865 0990 and +852 2529 6087

Website: www.computershare.com.hk

INVESTOR RELATIONS AND COMMUNICATION

The Company promotes the effective communication with Shareholders, investors and other interested persons through the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (www.zhihuimining.com). The Company's website sets out the following information:

- Articles of Association, the Board and its specialized committees and the biographies of Directors;
- announcements, circulars, regular reports, promotional materials and press releases of the Company;
- financial information and summarized financial information for the respective years of the Company; and
- information about the Company's shares.

The Company's website also provides investors' calendar and subscription of company information services, so as to promote the communication with investors.

In addition, the Company duly issues company news and/or other related financial information, including detailed information related to the Company's business performance and development as disclosed in annual reports, interim reports, press releases and announcements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Environmental, Social and Governance Report (the "Report") is the preparation of the first environmental, social and governance report (the "ESG Report" or the "Report") published by Xizang Zhihui Mining Co., Ltd. ("Xizang Zhihui" or the "Company") and its subsidiaries (collectively, the "Group" or "we"), which outlines our strategies, objectives and efforts in respect of environmental, social and governance (or "ESG"), and explains our sustainability principles.

The Report reflects the Group's ESG performance, objectives and efforts in 2025.

Reporting Standards

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "Code") under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group has complied with the reporting requirements of the Code, including the mandatory disclosure requirements, "comply or explain" provisions and the requirements of the four reporting principles:

Materiality	In compliance with the requirements of materiality principle defined by the Stock Exchange, the process of and the criteria for the selection of material ESG factors, as well as the description of major stakeholders, the process and results of their participation are identified and disclosed in the Report.
Quantitative	Statistical standards, methodologies, assumptions and/or calculation tools used herein to report emissions/energy consumption (where appropriate), and the sources of the conversion factors are explained in the explanatory notes of the Report.
Balance	The Report shall provide an unbiased picture of the Group's performance during the Year and should avoid selections, omissions, or presentation formats that may inappropriately influence the reader's decision or judgment.
Consistency	This is the Group's first ESG report. The Group will disclose in subsequent reports any changes in the statistical methods or key performance indicators used, or any other relevant factors that would affect the making of meaningful comparisons.

Reporting Scope

The scope of disclosure in the Report covers Xizang Zhihui Mining Co., Ltd. and its subsidiaries, and the scope of disclosure is consistent with that in the annual report. The Report sets out the Group's sustainability policies, initiatives and key performance indicators ("KPIs") related to the core business from 1 January 2025 to 31 December 2025 (the "Year" or "2025").

Language of the Report

The Report is available in two languages, including traditional Chinese and English versions. If there is any inconsistency between them, the Chinese version shall prevail.

Approval of the Report

The Report was approved by the Board of Directors on 28 April 2026 upon confirmation of the management.

Contact us

You are welcome to provide feedback on our sustainability disclosures and performance. If you have any feedback or questions, please feel free to contact us via email at xzzhky@xzzhky.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

Statement of the Board of Directors

Dear Stakeholders,

It is a great honour to review this year's ESG Report with our readers. As a mining enterprise rooted in the Xizang Autonomous Region, we are well aware that we carry not only the economic responsibility of resource development but also the historical mission of protecting the ecological environment of the plateau and promoting the harmonious development of the community. We always uphold the principle of sustainable development. While ensuring stable production and continuous business growth, we remain pragmatic and enterprising, effectively advance sustainable development, and are committed to creating long-term value for our stakeholders. We deeply understand the core connotation of "lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)", and have always deeply integrated ESG principles into the Company's strategic planning, daily operations, and decision-making processes.

Xizang's unique natural environment instils in us a heightened reverence and sense of responsibility toward ecological conservation. The Board of Directors attaches great importance to the ecological impact of production activities, prioritizes environmental protection, actively responds to the national call for ecological civilization construction, and vigorously promotes the construction of green mines. In our mineral development strategy, we strictly adhere to the principle of adapting to local conditions, implement environmental management throughout the life cycle, increase investment to actively participate in ecological protection and restoration efforts in and around the mining areas, and strive to restore vegetation and protect biodiversity in the mining areas. In terms of actively participating in the construction of the regional ecological environment, the Group has committed to the Nanbeishan Greening Project (南北山綠化工程) led by the Lhasa Forestry and Grassland Bureau to support Xizang's land greening action with practical actions. We have participated in the project with a scale of more than 130 square hectares, with a total investment of more than RMB15.8 million. We firmly believe that through such specific ecological restoration practices, we can effectively fulfil the Company's solemn commitment to the ecological environment of the plateau and contribute to safeguarding Xizang's blue skies and white clouds and building a beautiful home.

We always regard the well-being, as well as the occupational health and safety of our employees as the lifeline of our corporate development, and in the plateau environment of Xizang, ensuring the safety and health of our employees is our unshirkable responsibility. We have established a strict safety production management system, continuously improved the working environment, provided comprehensive labour protection, and regularly carried out occupational health inspections and safety training. We place particular emphasis on integration and development with local communities, giving priority to hiring local and ethnic minority workers, and providing systematic skills training opportunities to help employees enhance their employability and realize their personal value, thereby improving the income level and quality of life of local residents.

Looking ahead, the Board of Directors will continue to lead the Company in deeply integrating ESG principles into strategic planning and decision-making processes with a more open and responsible attitude. We will keep exploring the balance between resource development and environmental protection, and adhere to pursuing sustainable development. We are committed to advancing protection and development in parallel, and strive to become a responsible and respected mining model in the Xizang region, creating shared value for shareholders, employees, communities, and the environment.

Ms. HE Qian

Chairwoman of the Board and Executive Director

28 April 2026







ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About Xizang Zhihui

We are a mining company focusing our business on zinc, lead and copper exploration, mining, production and sales of concentrates based in Xizang, China. We have a business operation chain that encompasses exploration, mining, production, and sales of concentrates. Our main products include zinc concentrates, lead concentrates and copper concentrates. We are committed to unlocking the potential of Xizang’s mining industry by leveraging Xizang’s unique geological conditions and rich mineral resources. We also aim to implement advanced technologies and innovative practices throughout our business operations.

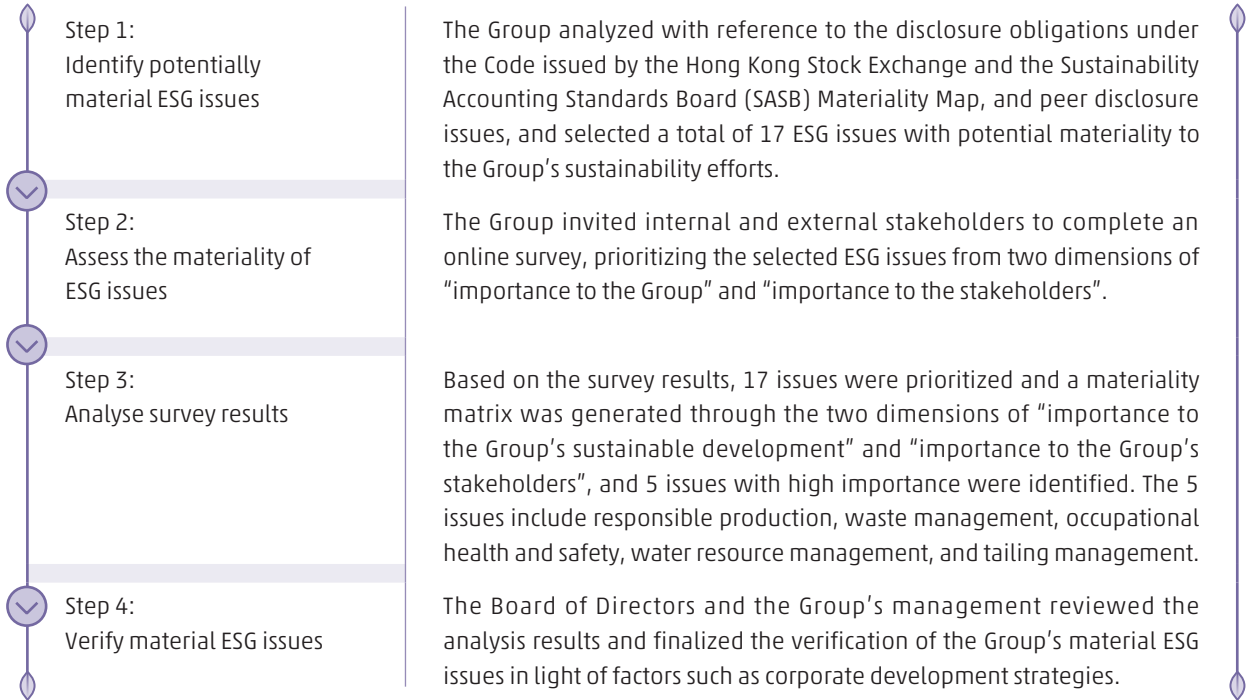
Materiality and Stakeholder Engagement

The key to formulating ESG strategies is to understand and respond to stakeholders’ needs. It is essential to actively maintain contact and communication with stakeholders. Only by understanding their expectations of the Group and the ESG issues they are concerned about can we properly formulate and promptly adjust our sustainability strategies to ensure future development. The Group will continue to identify and engage relevant stakeholders, and achieve thorough engagement and close communication with stakeholders by exploring communication channels with them and adopting more inclusive and diversified methods.

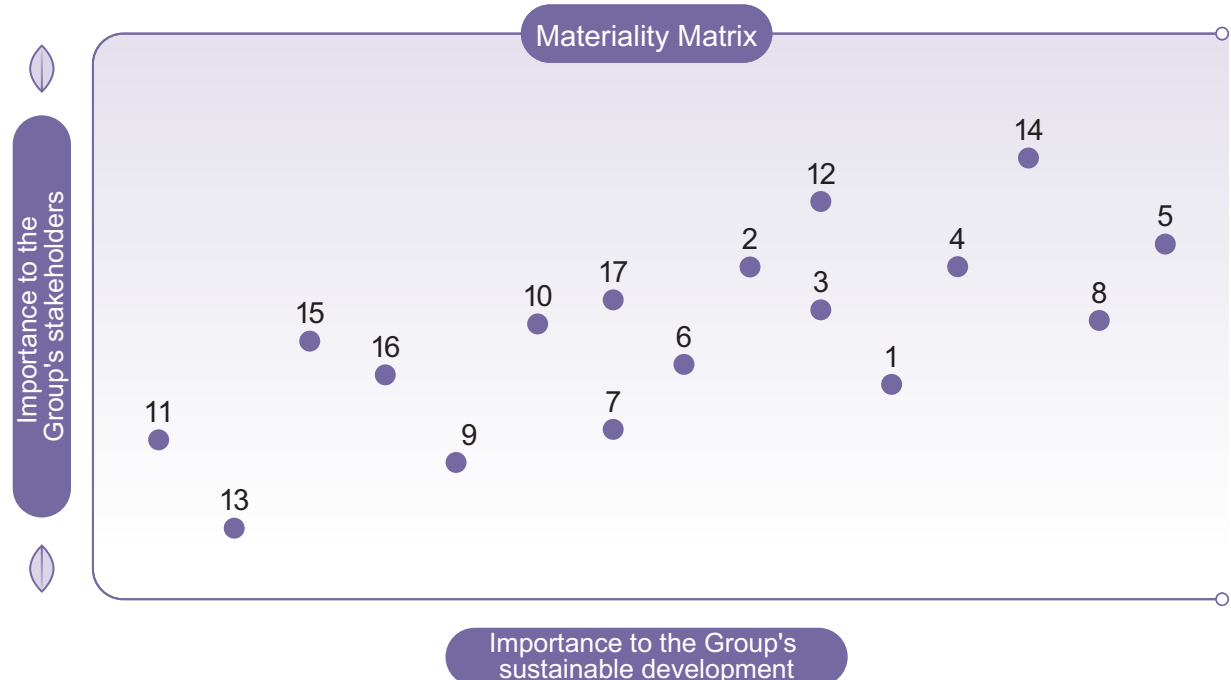
Stakeholders	Expectations and demands	Engagement and response
 Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Tax compliance • Economic contribution • Integrity in operations 	<ul style="list-style-type: none"> • Government meetings • Field research • Work reports
 Shareholders and investors	<ul style="list-style-type: none"> • Robust operations • Risk management • Information transparency 	<ul style="list-style-type: none"> • Shareholders’ general meeting • Meetings, interviews and research • Company’s announcements, interim reports and annual reports • Corporate communications, such as letters to shareholders/circulars and notices of meetings
 Employees	<ul style="list-style-type: none"> • Employee rights • Compensation and benefits • Occupational health and safety 	<ul style="list-style-type: none"> • Meetings and training • Daily communication • Performance appraisals and interviews
 Business partners	<ul style="list-style-type: none"> • Product responsibility • Supply chain management • Business ethics • Occupational health and safety 	<ul style="list-style-type: none"> • Work meetings • Business transactions • On-site interviews and research • Industry events and exchanges
 Neighboring communities	<ul style="list-style-type: none"> • Employment promotion • Community development • Environmental protection 	<ul style="list-style-type: none"> • Community development cooperation • Participation in charity and volunteer activities
 Public, media, and NGOs	<ul style="list-style-type: none"> • Climate change response • Environmental protection • Business ethics • Community development 	<ul style="list-style-type: none"> • Regular reporting • Company’s official website

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group regularly conducts materiality assessment to identify material ESG issues of the Group, which serves as one of the references for formulating sustainability plans. During the Year, the Group invited internal and external stakeholders to participate in the materiality assessment. The four major steps in our materiality assessment are as follows:



The materiality matrix chart for the Year is as follows:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Order of issues	Material issues
1	Greenhouse gas ("GHG") emissions
2	Air quality
3	Energy management
4	Water resource management
5	Waste management
6	Biodiversity and land use
7	Climate change
8	Tailing management
9	Environmental rehabilitation
10	Employment system
11	Employee training and development
12	Occupational health and safety
13	Responsible supply chain
14	Responsible production
15	Business ethics
16	Compliance and risk management
17	Community relations



ROBUST GOVERNANCE

Sustainable Development Leadership and Governance

The Group actively integrates sustainability concepts into our corporate culture and long-term development strategy, establishing a top-down ESG governance structure. The Board of Directors is the highest responsible body for the Group's ESG management operations and information disclosure, and is fully responsible for and supervises the Group's ESG management operations. We have established a sustainability and risk management working group (the "ESG Working Group"), which is overseen by the Board of Directors and led by our executive director. To implement ESG policies more effectively, we have formed an ESG Working Group, composed of different members from various departments of the Group, including but not limited to the Finance Department, Operation Department, Internal Audit Department, and Safety and Environmental Department. The ESG Working Group possesses extensive professional management capabilities in the areas of safety, environmental protection and occupational health. The ESG Working Group also possesses comprehensive management capabilities and a strong sense of responsibility in fulfilling its social responsibilities, operating in compliance with laws and regulations, and managing community relations. The ESG Working Group convenes regular meetings to discuss matters related to ESG, internal control and risk management (including but not limited to climate related risks and opportunities), receives reports from relevant departments, and regularly submits reports to the Board of Directors for evaluation. The Board of Directors and the ESG Working Group review sustainability-related risks and opportunities and approve ESG-related business strategies. Additionally, the directors make immediate resolutions on ESG-related issues raised by the ESG Working Group, formulate work plans and assign relevant tasks for follow-up by the relevant departments and/or work units.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In particular, the ESG Working Group is responsible for (i) handling matters related to ESG, internal controls and risk management; (ii) monitoring and assessing any ESG-related risks that we may face in our business operations; (iii) fostering a corporate culture of safety and strictly implementing the occupational health and safety system to ensure that all health and safety factors are considered; (iv) identifying and assessing climate-related risks and opportunities that may affect us; (v) formulating strategies to address climate change, setting GHG emission reduction targets and guiding implementation efforts; (vi) conducting regular discussions to discuss and determine ESG-related issues that need to be addressed; (vii) reporting to the Board of Directors on ESG-related risks and opportunities; and (viii) advising the Board of Directors on ESG reporting, strategies, initiatives and objectives. We will engage an independent third-party consultant as our environmental, social and governance advisor (the "ESG Advisor") to assess our ESG-related risks and provide professional advice to the Board of Directors when necessary.

Compliance and Risk Management

We have established a comprehensive internal control structure to strictly monitor contractors and subcontractors, ensuring ongoing compliance with all applicable occupational health and safety, environmental protection and permitting requirements. Our Safety and Environment Department holds primarily responsible for monitoring and enforcing compliance with workplace safety standards and all relevant contractual obligations. The department conducts thorough onsite inspections on a regular basis with other departments, including the Engineering Department, during which designated officers carry out detailed assessments of contractors and subcontractors' adherence to applicable occupational health and safety regulations, environmental protection requirements and other statutory obligations. Additionally, these dedicated officers verify the validity of all necessary licenses, certifications, and permits required for the safety and lawful execution of their operations. Furthermore, our Human Resource Department is responsible for managing work-related injury insurance for all employees involved in mining activities. In addition, we have established a General Manager Office (總經辦) tasked with coordinating communication between the relevant internal departments and all contractors and subcontractors engaged in mining operations. This office actively monitors the safety conditions of workers on site, ensuring that health and safety policies are effectively implemented and that any emerging risks are promptly addressed.

In the event that any non-compliance, misconduct or violation of applicable rules or contractual terms is identified, officers from the relevant internal departments and externally-engaged supervising engineers will document the issue by completing a hazard rectification notice (《隱患整改通知單》). Whereupon the relevant contractors or subcontractors are promptly notified and required to take immediate corrective action to address the identified deficiencies. To ensure effective resolution, the departments and supervising engineers conduct follow-up inspections to ensure that the corrective measures have been properly implemented and that the non-compliance, misconduct, or violation has been fully rectified.

Business Ethics

The Group maintains a zero-tolerance policy to any form of corruption, including bribery, extortion, fraud and money laundering. The Group strictly complies with the provisions of the Company Law of the PRC (《中華人民共和國公司法》), the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other laws and regulations. During the Year, the Group did not identify any material matters involving breaches of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any concluded legal cases relating to corruption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have established an Anti-Fraud Policy (《反舞弊政策》). The Audit Committee is responsible for overseeing the Company's anti-fraud policy and delegating day-to-day management responsibilities to the internal audit body. In order to fully implement its oversight duties, the Audit Committee shall consider and discuss fraud at regular meetings, in particular with regard to accounting policies and accounting estimates adopted by management and any irregular material transactions involving the management. The Audit Committee also discusses with external and internal auditors their assessment of whether the controls are sufficient to reduce the risk of long-term hidden fraud. The Audit Committee is responsible for implementing, amending and interpreting this policy. This policy will be reviewed at the first meeting of the Audit Committee each year.

We have established a Conflict of Interest Policy (《利益衝突政策》) to ensure that all employees of Xizang Zhihui Mining Co., Ltd. comply with relevant internal regulations, avoiding any economic or personal relationships that may conflict with the employee's duty to safeguard the best interests of the Company. It also outlines the disclosure and approval process for any situations that could potentially give rise to conflicts of interest. Our employees are required to sign the Commitment Letter for Integrity and Self-Discipline (《廉潔自律承諾書》), which is to promote ethical behaviour and prevent corruption. Moreover, we have also established an anti-corruption policy and whistle-blowing mechanism, and reports of known or suspected fraud can be reported internally or anonymously. We encourage individuals who detect or suspect fraudulent activities to report them to the Internal Audit Manager immediately. The Internal Audit Manager reports directly to the Audit Committee and is also independent from the Company's management.

The Group organizes anti-corruption training seminars or circulates relevant anti-corruption information for its directors and employees, and holds meetings in respect of anti-corruption and integrity development to cultivate their professional ethics, anti-corruption awareness and sound professional conduct, requiring their adherence to the integrity standards.

ENVIRONMENTAL MANAGEMENT





Environmental management is an item of high priority on our ESG agenda, and we have established the Safety and Environment Department to enhance our environmental management. We have integrated the principles of green production into our operations to minimise the adverse impacts of our operations on the environment. In particular, we focus on managing wastewater, dust, solid waste and hazardous waste from our operation to ensure compliance with relevant disposal requirements. We have developed a robust environmental management system aligned with standards and we have obtained ISO 14001:2015 Environmental Quality Management System certification. This system has explicitly defined responsibilities for both environmental and business matters, enabling us to continuously improve our environmental performance and achieve sustainable production.

In order to promote the development of a circular economy within the Group, implement the Law of the PRC on the Promotion of Clean Production (《中華人民共和國清潔生產促進法》), improve resource utilization, protect and improve the ecological environment, and promote the construction of a conservation-oriented society, we have formulated the Clean Production Management Regulations. The clean production plan proposed and implemented must adhere to the principle of "Reduce, Reuse, Recycle" (3R), pursue pathways of "resource conservation, comprehensive utilization, and clean production", leverage the driving forces of "technological innovation and system innovation", and aim for "energy saving, consumption reduction, pollution reduction, and efficiency increase". We maximize resource efficiency through an integrated utilization approach, thereby reducing the impact on the environment. This integrated approach embodies our commitment to sustainable and responsible production practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group regularly monitors the latest national and regional environmental protection laws and regulations, strengthening environmental protection measures to comply with relevant local government laws and regulations and implement environmental policies. The Group strictly complies with laws and regulations, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). During the Year, the Group did not have any material violations of relevant local environmental laws and regulations concerning emissions of exhaust gas and GHG emissions, discharge of sewage into water and land, or discharge of hazardous and non-hazardous waste.

Environmental Targets

Environmental pollutants	Target	Progress
 <p>GHG emissions</p>	<p>Responding to the "carbon peaking and carbon neutrality" target, strengthening the use of energy-saving and clean technologies and increasing the proportion of low-carbon energy. The Group's GHG emission intensity per unit is stable. In 2026, we aim to control our total GHG emissions at approximately 120% of those recorded in 2024.</p>	In progress
 <p>Dust emissions</p>	<p>We have set dust collecting machines in our operation sites and expect the purified air released to not exceed the limits set (80 mg/m³) by the emission standard. We will maintain continuous monitoring to ensure the emissions target is consistently achieved.</p>	In progress
 <p>Wastewater discharge</p>	<p>We expect to achieve zero discharge of production wastewater through recycling and reuse of such wastewater. We aim to continuously maintain zero production water discharge in our future operation.</p>	In progress
 <p>Tailing waste discharge</p>	<p>We plan to continue to improve the tailing waste management and the overall process supervision mechanism to control the source of waste pollution at source and enhance the reuse of waste. In 2026, we aim to control our tailing waste emissions at approximately 140% of those recorded in 2024.</p>	In progress

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Quality and Noise Management

Our operations inevitably generate atmospheric emissions, and we perform systematic, preventive inspections on a regular basis to reduce the emission of exhaust pollutants. The main sources of air pollutants are dust generated during mining, processing and transportation. In this regard, we have formulated policies, including but not limited to the Atmospheric Pollution Disposal Measure (《大氣污染處置措施方案》), and set up hydraulic sprays and dust collecting machines to control dust generated during our operations. We also cooperate with third-party environmental testing companies to conduct quarterly inspections of exhaust gas volumes from beneficiation plant, mining sites and tailings ponds, and implement corresponding management measures based on the results of the environmental inspections. Moreover, during production equipment inspections, we will also take the following measures to reduce air pollutant emissions: (i) ensuring that environmental parameters (such as dust, noise and vibration of machines, equipment and transport facilities) during the runtime can meet the required standards by the government; and (ii) using high-quality diesel fuel to fuel machinery and vehicles and minimise engine idling. During the Year, the Group generated atmospheric emissions¹ from the use of the Company's vehicles and equipment, including but not limited to 619.62 kg of nitrogen oxides, 3.80 kg of sulphur oxides and 53.09 kg of dust.

Note:

1. The calculation is based on the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

The main sources of noise are blasting noise and noise from large machinery and equipment in the open-pit mining area, such as drills, electric shovels, bulldozers, transport vehicles, fans, and other mobile equipment. Additionally, key noise sources include the feeder, vibrating screens, cone crushers, belt conveyors, flotation machines, and concentrate filter presses at the beneficiation plant. We have formulated the Environmental Protection Management System (《環境保護管理制度》) to regulate construction noise management. Our noise mitigation measures include reasonably scheduling blasting times, enhancing maintenance and upkeep of vehicles and equipment, selecting low-noise equipment, and arranging indoor placement of equipment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

For non-hazardous and hazardous wastes, we have established relevant systems and processes, including but not limited to the Hazardous Chemical Waste Management System (《危險化學品廢棄物管理制度》), Responsibility System on the Prevention and Control of Hazardous Waste Environmental Pollution (《危險廢物污染環境防治責任制度》), Regulations on the Management of Hazardous Waste Storage Sites (《危險廢物貯存場所管理規定》) and Environmental Protection Management System, to clearly define the requirements for their storage, management and disposal.

Non-hazardous Waste

Our wastes primarily include tailings and domestic waste. After ore processing from the beneficiation plant, the tailings produced will all be pumped to the tailings pond for storage and disposal. In addition, domestic waste will be collected after classification, and transported and processed by third parties. Furthermore, we have formulated detailed guidelines on the treatment of hazardous waste. Hazardous waste is collected and then entrusted to qualified units for disposal. We have also contracted with a qualified third-party waste disposal company for the disposal of hazardous waste. We are required to promptly report on the occurrence of any loss, leakage or diffusion of hazardous waste to the relevant health authorities and to keep proper records of such accidents. We enhance resource utilization and increase the recovery rate of mineralized waste by blending and improving grind fineness during the beneficiation process.

Hazardous Waste

The hazardous materials are mainly derived from the project's construction, mining, and processing operations, including but not limited to hydrocarbons (e.g., waste oils and lubricants). We have taken a number of measures to address hazardous waste discharge issues, including requiring proper treatment and disposal of waste; establishing a standardized management system; and engaging qualified third-party suppliers for the disposal of hazardous waste and non-hazardous waste.

Waste	Unit	2025
Total hazardous waste	kg	83.50
Hazardous waste intensity ¹	kg/million RMB revenue	0.14
Total non-hazardous waste ²	kt	438.14
Non-hazardous waste intensity ¹	kt/million RMB revenue	0.71



Notes:

1. The Group's revenue in 2025 was approximately RMB616 million.
2. The non-hazardous waste generated from our operations generally includes tailings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Management

We have established the Electricity Management System (《用電管理制度》) and Energy Conservation and Emission Reduction Management System (《節能減排管理制度》), aiming to establish a conservation-oriented enterprise by strengthening energy conservation and emission reduction management, improving energy utilization efficiency, and achieving sustainable development goals of energy conservation and emission reduction, environmental protection, cost reduction and efficiency increase. We primarily purchase gasoline, diesel and electricity for our automobiles, equipment and appliances, workshops and general ancillary equipment. We endeavour to promote green operations, save energy and lower consumption in the operational sites and office, improve resource utilization and raise environmental awareness among the workforce. We also aim to optimise financial performance by strengthening runtime management, reducing downtime, improving equipment efficiency, benchmarking against best practices and lowering unit consumption. Our specific energy conservation measures include but are not limited to: (i) replacing old transformers with energy-saving electric transformers to reduce the active and reactive power loss of equipment; and (ii) using energy-efficient LED light sources and lamps for lighting. In addition, we have formulated guidelines to control and supervise the usage of vehicles owned by us. Specific measures include: (i) regulating the use of vehicles, going through the insurance-related procedures in accordance with the vehicle management regulations of the PRC, carrying out regular maintenance checks and oil usage inspections, controlling expenditures and cutting down expenses; and (ii) prohibition on use of a vehicle without permission and requiring detailed record for each use (including the approver, mileage, driver and other relevant details). We actively enhance energy management, including prohibiting the use of energy-consuming equipment that has been officially eliminated by the PRC Government, and apply new technologies, processes, equipment and materials to improve energy efficiency.

Energy use ¹	Unit	2025
 Direct energy		
• Gasoline	MWh	295.35
• Diesel	MWh	2,560.18
 Indirect energy		
• Purchased electricity	MWh	31,002.55
Total energy consumption	MWh	33,858.08
Energy consumption intensity	MWh/million RMB revenue	54.96

Note:

- Units of gasoline, diesel and purchased electricity we used are converted to the same unit using the following formula: total energy consumption = number of energy units used × unit conversion factor. Conversion factors are based on the International Energy Agency's Energy Statistics Manual.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Resource Management

Our primary water supplies for the mining site and the beneficiation plant are the Qizuqu Mainstem (齊祖曲幹流) and the Yunonglangqu Mainstem (玉弄郎曲幹流). We primarily use water for our daily operations. As the available volume of the abovementioned water supplies is much greater than the maximum intake volume of our usage, we do not anticipate any water shortages or difficulties in obtaining water for our operations. We have also obtained approval for our usage of water and the corresponding environmental impact assessment from the relevant competent authority.

The wastewater generated from our construction and operations mainly includes production wastewater and domestic sewage. In order to further standardize water resource management, we have formulated relevant policies, including but not limited to the Water Metering Management System (《水計量管理制度》), Transportation of Tailings from Tailings Ponds and Recycled Water Utilization Report (《尾礦庫尾礦輸送及回水利用報告》) and Production and Domestic Wastewater Treatment and Utilization Plan (《生產及生活廢水處置利用方案》). The production wastewater generated from the beneficiation plant will be collected and transported by a submersible sewage pump to the return tank in the tailings pond for further collection and reuse. We have implemented a fully enclosed water recycling system with no discharge, and the production water reuse rate in the beneficiation plant has achieved approximately 86.8%. Domestic sewage will also be discharged after treatment and then used for fertilising grassland. During the shutdown period, tailings water is pumped back into the tailings storage area for storage, with no external discharge allowed. We have established a comprehensive groundwater drainage and monitoring system in the tailings storage area. The groundwater under the membrane is directed to the seepage interception dam through a dedicated drainage system for centralized control. To monitor the water quality in real time, we have set up a group of pumping wells as monitoring points, and only groundwater meeting the standards is permitted for discharge. If any contamination is detected, the contaminated groundwater is immediately pumped back into the tailings pond for retreatment, eliminating any risk of external discharge. In our daily operations, we thoroughly implement the principles of water conservation, and continuously reduce water waste and comprehensively enhance water resource utilization efficiency by applying advanced water-saving processes and technologies.

Water consumption	Unit	2025
Total water consumption	m ³	307,209.00
Total water consumption intensity	m ³ /million RMB revenue	498.72

Biodiversity and Land Use

Environmental considerations are integral to our mining operations, and we conduct impact assessments for blasting activities to minimise ecological disruption as possible. We regard ecological protection as one of the primary tasks in the construction of green mines and the achievement of sustainable development. To fully implement the green mine construction plan and work objectives, we carry out green mine construction in accordance with the national green mine construction requirements, and in line with our own development characteristics. According to the requirements of the relevant indicators of the national green mine basic conditions, and based on the analysis of the current status and existing issues of the existing green mine construction, we diligently carry out projects related to the mining area environment, energy conservation and emission reduction, mining area ecological environment, technological innovation and digital mines, and enterprise management and corporate image, as well as conduct green mine construction in a scientific, reasonable and orderly manner, and have established the Green Mine Assessment System (《綠色礦山考核制度》).

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Before the initiation of a proposed project, we conduct environmental impact assessments to pre-evaluate the effects of business activities on the ecological environment. We aim to pay attention to multi-stage environmental and natural resource protection of our mining operations and carry out land rehabilitation activities within the mining area. The mining area, beneficiation plant, and tailings pond, including both existing operations and proposed projects, which have been prepared in accordance with the relevant PRC laws and regulations and subsequently approved by the relevant government authorities. There are no registered scenic spots, nature reserves, forest parks, or other ecologically sensitive areas within our tenures. To avoid adverse effects on flora and fauna due to our business operations, we plan to undertake the following measures: (i) enhancing the greenery of the surroundings by expanding the area of green planting, including planting of vegetation in areas with an altitude below 5,070 metres near the tailings pond; and (ii) hiring professionals and experts on a contractual basis to monitor the status of soil, ensuring the condition of soil is suitable for planting.

Tailing Management




The beneficiation plant has been in operation since 2010 and the resulting tailings is classified as Category I general industrial solid waste. After being concentrated to a slurry weight density, the tailings slurry is pumped to the tailings pond for disposal. The base of the tailings dam is lined with a geotechnical membrane liner for seepage control. In addition, flood diversion ditches and an internal drainage system (i.e., inclined drainage channels and culverts) are in place. Tailings water is recycled to the plant via gravity flow through the drainage system. The tailings ponds are equipped with an online and manual monitoring system to track pond level, beach length, phreatic line, embankment deformation, tailings discharge rates, and precipitation levels. Monitoring data are integrated into the mine network, with predefined control thresholds and regulatory protocols. The tailings ponds are equipped with online and manual monitoring and detection facilities for production, safety, and environmental protection. These include precipitation levels, dam surface displacement, internal horizontal and vertical dam displacement, water level monitoring, high-definition video surveillance, online monitoring centre equipment, and groundwater environmental monitoring wells. The tailings ponds are also equipped with access, communication, lighting, duty, safety protection and signage facilities. To maintain normal mine production and ensure sustainable development, a new tailings pond was proposed to be constructed in another tributary upstream of the Anong Qu, located northeast of the existing tailings pond. The construction of the new tailings pond is planned for completion in 2026 and is expected to commence operations in the same year. The new tailings pond is located in a valley to the northeast of the existing facility, and will also feature full-scale anti-seepage treatment. High-Density Polyethylene (HDPE) geomembranes will be installed at the base and side slopes of the facility for seepage prevention. Safety monitoring measures for the new tailings pond include manual inspections, monitoring of dam body displacement, water levels of the tailings pond, dry beach conditions, and precipitation levels.

Environmental Rehabilitation

According to the relevant PRC laws and regulations, we are required to be responsible for site closure and land rehabilitation in relation to mining activities and submit a land rehabilitation plan to the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部) or the local land and resources branch for review when renewing the mining licences. The purpose of land rehabilitation is to rehabilitate the land damaged by the mining operations in order to control water and soil loss and protect the ecological environment.

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We prioritise ecological and environmental protection and have formulated land reclamation plans for our mining operations and tailings ponds in accordance with the relevant PRC laws and regulations, and we recognise provision for environmental rehabilitation and restoration costs for mines pursuant to the regulations of Nagqu in which our mining operations are located. We commit to promoting ecological restoration, reclaiming the damaged lands and restoring the productivity of the damaged lands upon completion of the mining operations. We strictly follow the PRC's guidelines in respect of the formulation of land rehabilitation plans for damaged lands, and commission qualified third parties for rehabilitation design, including the actual scope of damaged lands and the scope of lands requiring reclamation. Our primary rehabilitation tasks include measures that aim to avoid or mitigate geological disaster hazards caused by mining activities, reduce the impact and damage to aquifers, lessen the destruction of topographical and landscape features, control the impact on water and soil resources, and maximise the restoration of the ecological geological environment of the mine. In addition, we divide the land reclamation into three stages, namely, the production stage, the rehabilitation stage, and the management and maintenance stage, with specific tasks for each stage summarised below:

<p>Production stage (生產期)</p> 	<ul style="list-style-type: none"> • Set up warning signs and install net fences around subsidence areas. • Establish and improve ground deformation monitoring points. • Set up dynamic groundwater observation points. • Establish soil pollution monitoring points and analyse to monitor soil pollution conditions. • Rehabilitate sloped areas by planting vegetation.
<p>Rehabilitation stage (復墾期)</p> 	<ul style="list-style-type: none"> • Continue to carry out geological disaster prevention and control work. • Remove production equipment. • Continue to strengthen monitoring of leachate from causing surface water and groundwater pollution. • Prepare closure reports and submit them for approval by the relevant authorities.
<p>Management and maintenance stage (管護期)</p> 	<ul style="list-style-type: none"> • Continuous monitor the ecological environment, hydrological environment, ground subsidence, land reclamation effectiveness, and soil quality of the lands.

In addition, we have also formulated a geological environmental protection and land reclamation plan, including but not limited to the Mine Geological Environmental Protection and Land Reclamation Plan (《礦山地質環境保護與土地復墾方案》). The plan includes the management of mine geological disasters, land reclamation in the mining area, aquifer damage restoration, soil and water environmental pollution remediation, mining geological environment monitoring, and land reclamation monitoring in the mining area. Land reclamation reports have been prepared for both the existing and new tailings ponds. The preliminary reclamation direction is mainly determined through qualitative analysis of information, including mining area policies, public sentiment, natural conditions, social economy, and reclamation experience of similar projects in the surrounding area. For example, local herders have repeatedly requested the Group to assist in constructing roads in the local area and donate part of the mine buildings to the local area for grazing and transhumance. Accordingly, after mine closure, certain industrial sites and all mine roads will be retained in accordance with local requirements for grazing and transhumance, rather than undergoing reclamation. Other land will be considered from the perspective of ecological suitability. The preliminary plan is to restore areas above 5,000 m asl to bare land and areas below 5,000 m asl to grassland, respectively, based on local conditions.

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CLIMATE CHANGE

Climate change is a major global challenge and one of the key factors that may affect our sustainability. To minimise its impact, we pay attention to climate governance, seek measures for managing climate change impact and make climate action a pillar of our ESG efforts.

Climate Governance

Climate-related governance processes permeate all levels of our business operations. The Board of Directors is responsible for overseeing the overall management of climate-related risks and opportunities of the Group and ensuring that they are properly addressed. The ESG Working Group is responsible for identifying, assessing and managing climate change-related risks, formulating corresponding implementation plans, as well as monitoring progress in the implementation of climate-related targets. Each department is responsible for supporting the operation of the ESG Working Group to ensure that climate change management is effectively implemented throughout business operations. The ESG Working Group reports to the Board of Directors on the progress of its work at least annually.

Climate Strategy

Climate-related Risks

The escalating risks and challenges brought by climate change to the global economy may also have a negative impact on the Group's business. Therefore, the Group fully recognizes the importance of identifying and mitigating any significant impacts arising from climate change. The Group actively integrates climate change into risk management and development considerations. At the same time, public attention to climate issues continues to grow, and the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC) further points out the seriousness and urgency of the climate crisis. To more accurately identify and analyze potential physical risks and transition risks, the Group has made reference to the IPCC's Shared Socioeconomic Pathways (SSP1-1.9, SSP5-8.5), and conducted climate scenario analysis based on different global average temperature increases to identify potential risks and opportunities, and assessed the impact of various climate change risks on business, strategy and financial performance, not limited to ESG-related aspects. It has formulated corresponding policies and strategies accordingly to further enhance its ability to cope with climate change. We have assessed the environmental impacts of our operations and strived to minimise and avoid the adverse environmental impacts throughout the business operation in strict accordance with the applicable environmental protection laws and regulations. We have identified the following climate-related physical risks and transition risks and their potential impacts on our business and financial performance in the short (1 to 3 years), medium (3 to 5 years) and long (5 to 10 years) terms.

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To better address the potential risks and opportunities associated with climate change, during the Year, the Group carried out the identification, assessment and analysis of climate-related risks, identified climate-related risks that had a substantial impact on the Group's business and operations, and assessed the impact of various risks on its own financial performance. The results of such efforts are as follows:

Climate-related risk	Time horizon	Potential impact	Countermeasures
Physical risks			
Frequent occurrence of extreme weather events such as blizzards, hailstorms, heavy rainstorms and thunderstorms	Short, medium and long terms	<ul style="list-style-type: none"> Impacts on business operations and workforce management (e.g., employee safety problems leading to absenteeism) and reduced operational efficiency. Degree of financial impact: medium. 	<ul style="list-style-type: none"> Pay close attention to weather forecasts and take measures in advance to cope with extreme weather; Formulate emergency plans and reserve utility backups in advance; Conduct regular safety trainings to improve our employees' ability to prevent and handle accidents; Retrofit electricity power lines by installing lightning arrester to withstand extreme weather conditions such as thunderstorms; Strengthen equipment and power lines inspections and access multiple power sources to minimise the potential damage caused by extreme weather conditions; Regular safety inspections are carried out to rectify safety issues promptly; Construction of flood control facilities, including embankments, drainage ditches and water barriers; Clear the drainage system on a regular basis, ensuring the drainage capacity is sufficient and preventing severe accumulation of water due to increased inflow; and Operations cease from December each year to March of the following year to minimize the impact of heavy snowfall on production.
Change in seasonality, exacerbating global warming and rising average temperatures	Short, medium and long terms	<ul style="list-style-type: none"> Temperature rises lead to the thawing of permafrost, increasing the risk of landslides and geological disasters, which cause damage to production facilities and requires more expense for construction and safety measures. Disruption of roads due to landslides caused by the extended rainy season, leading to a reduction in the efficiency of the transportation and operational process. Degree of financial impact: medium. 	
Transition risks			
The market and regulatory authorities are increasingly concerned about climate change-related issues, leading to increased disclosure obligations for corporate emissions and stricter pollutant discharge regulations	Short, medium and long terms	<ul style="list-style-type: none"> Increased compliance costs. Degree of financial impact: medium. 	<ul style="list-style-type: none"> Pay close attention to the relevant national, provincial and municipal government policies, keep abreast of the relevant laws and regulations and strengthen communication and contact with the relevant regulatory bodies.

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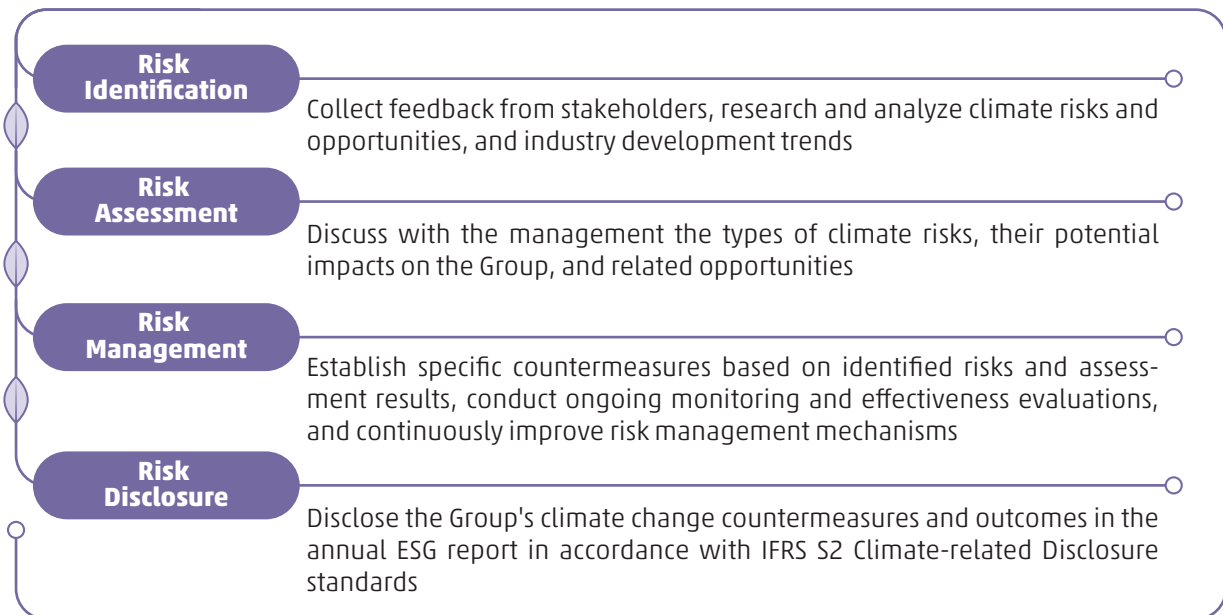
Climate-related Opportunities

In addition to the aforementioned physical and transition risks, we recognise that climate change may also present us with business opportunities. In particular, we have identified the following opportunities, which will allow us to extend operating time in winter, improve resource efficiency, use more low-carbon energy to reduce operational emissions, facilitate the low-carbon transition and promote sustainable business operation:

- Operating time may increase as fewer snowstorms due to the rising temperature, which increases the amount of production and helps to generate more revenue for our Group;
- Operating costs may decrease by using energy-efficient machinery and equipment, better managing dust, solid waste and recycling water;
- Low-carbon energy produces fewer GHG emissions, which reduces the risk of incurring additional costs incurred from the application of higher-carbon energy; and
- Commit to environmental protection and sustainable development, continuously maintain our fame in the List of National Green Mine (《全國綠色礦山名錄》), which promotes our corporate image and fosters positive community interactions.

Climate Risk Management

Based on the recommendations of the Task Force on Climate-Related Financial Disclosure (“TCFD”), we have initially identified climate-related risks and opportunities considering our business characteristics, and expect to regularly monitor, assess and analyse such risks. We have proactively implemented countermeasures in key climate-related areas, as detailed below:



In response to the climate-related risks and opportunities identified, we have also prepared countermeasures and initiatives for our operations. Furthermore, we plan to regularly monitor climate-related risks and take on our corporate environmental responsibility to mitigate the adverse impacts of climate change.

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Climate Metrics and Targets

GHG emissions

Our GHG emissions include direct emissions (Scope 1) from machinery and vehicles, energy indirect emissions (Scope 2) from purchased electricity, and other indirect emissions (Scope 3) from upstream transportation and distribution (Category 4), waste treatment (Category 5), business travel (Category 6) and downstream transportation and distribution (Category 9).

GHG emissions ¹	Unit	2025
Direct GHG emissions (Scope 1)	tCO ₂ e	726.32
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	16,449.95
Other indirect GHG emissions (Scope 3) ²	tCO ₂ e	43,069.29
Total GHG emissions	tCO ₂ e	60,245.56
GHG emission intensity	tCO ₂ e/million RMB revenue	97.80

Notes:

1. GHG emission data are presented in tCO₂e, and are calculated with reference to the following information, including but not limited to: the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standards published by the World Resources Institute and the World Business Council for Sustainable Development, the 2023 National Electricity Carbon Dioxide Emission Factors jointly issued by the Ministry of Ecology and Environment of the PRC, the National Bureau of Statistics of China and the National Energy Administration, the global warming potential values from the Sixth Assessment Report issued by the IPCC, and the How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange.
2. Other indirect emissions from upstream transportation and distribution (Category 4), waste treatment (Category 5), business travel (Category 6) and downstream transportation (Category 9) were 14,956.22 tCO₂e, 146.48 tCO₂e, 24.08 tCO₂e and 27,942.51 tCO₂e, respectively.

Carbon Reduction Targets

As part of our commitment to the environment, we plan to introduce new technologies and energy-saving equipment to our operations. The aim is to reduce GHG emissions, eventually helping our industry go green and low-carbon. For details of emission reduction targets, please refer to the "Environmental Targets" section.

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PRODUCT RESPONSIBILITY

Responsible Supply Chain

We have established ESG-related requirements for suppliers to mitigate supply chain-related risks. We comprehensively evaluate suppliers' production qualifications, quality management systems, integrity performance and creditworthiness. Based on this evaluation, we determine the list of qualified suppliers and regularly update it. In 2024, we were awarded the title of "Green Supply Chain Management Enterprise (自治區綠色供應鏈管理企業)" in Xizang. Additionally, we include business integrity in our regular supplier evaluation during the procurement process. If any violations are identified, we may reserve the right to cease collaboration with the supplier. Furthermore, to reduce carbon emissions associated with purchased goods, we prioritise local procurement while ensuring the quality of materials and equipment. When selecting suppliers, we implement an open bidding process to ensure fair competition among suppliers. We also compare multiple suppliers and review the qualifications of the suppliers to ensure that the purchased goods meet quality and safety requirements.

We have implemented the following measures to strengthen contractor and subcontractor management:

- Adopt enhanced evaluation procedures for the vetting and selection of contractors and subcontractors, which include, but are not limited to, a comprehensive review of their credentials, safety measures and historical safety performance records. This process involves carefully assessing their professional licences and industry qualifications, the effectiveness of contractors' and subcontractors' safety protocols, examining past incidents or violations, and evaluating their overall commitment to maintaining a safe working environment. Contractors and subcontractors with a documented history of poor safety performance or non-compliance with safety standards, or without the requisite credentials, will be screened out and excluded from consideration.
- Prohibition of unauthorised subcontracting: To maintain control over project quality and safety standards, contractors are expressly prohibited from engaging any subcontractors without obtaining our prior written consent. This measure allows us to carefully review and approve all subcontracting arrangements, ensuring that every party involved in the project aligns with our established safety protocols and performance expectations. We can prevent unauthorised subcontracting that may compromise safety or quality, and ensure consistent adherence to regulatory requirements and internal standards.

During the Year, our supplier breakdown by geographical region is stated below. The Group has implemented practices relating to engaging and managing suppliers to all of the following suppliers:

Number of suppliers	2025
Total	184
By region	
Mainland China	174
Hong Kong SAR	10

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Responsible Production

As a mining company, quality control is crucial to our mining operations. We have established a stringent quality control system to ensure the quality of our concentrates, including but not limited to the Administrative Measures for Quality of Geological Exploration Projects (《地質勘查項目質量管理辦法》), the Implementation Rules of Geological Technology Management of Mines (《礦山地質技術管理實施細則》) and the Administrative Regulations for Geological Exploration Techniques (《地質勘查工作技術管理規定》), covering exploration, prospecting, drilling, sampling, acceptance and other aspects. We require all these contractors and subcontractors to meet our qualification requirements and conduct their operations in accordance with our internal standards, industry standards and the relevant PRC laws and regulations. We supervise and regularly inspect their work to ensure it is undertaken in accordance with our quality standards. We conduct quality inspections when they have completed the work before we accept their work.

Externally, we undergo regular examinations and inspections by various local government agencies throughout the year to ensure compliance with all applicable laws and regulations. Internally, we have established a robust and comprehensive internal control system to maintain full compliance with mining operation requirements. To achieve such compliance, our operational management team drafts an annual production plan that is carefully reviewed and approved by the Board of Directors each year, ensuring our mining activities remain within the authorised limits. We hold monthly management meetings to monitor actual production against the budgeted plan, allowing us to promptly address any deviations and maintain compliance with the permitted capacity. Additionally, we have an internal audit department that reports directly to the Board of Directors on any compliance issues or breaches, reinforcing our commitment to regulatory adherence.

We have established a management mechanism for complaints regarding our products and services, and we understand and improve product and service quality through methods such as email and on-site communication. During the Year, we did not receive any major complaints regarding our products and services. Our mineral product sales settlements strictly adhere to industry norms. Quality is determined by third-party laboratories mutually agreed upon by both parties, and therefore does not involve product recall procedures, overstating product quality or unethical procurement. We ensure that our products meet customer expectations and industry standards through a systematic control mechanism. During the production process, each department handles and continuously tracks non-conforming products in a standardized manner, and reduces the risk of quality fluctuations through cause analysis. Simultaneously, quality control points are established at key stages, and dynamic management is implemented.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Innovative Development and Intellectual Property Protection

We have 12 patents related to mining and mineral processing technologies. These patents encompass a range of innovative mining methods and novel-yet-practical devices, reflecting our unwavering determination to advance the mining industry through our R&D. Our investment in innovation positions us at the forefront of technological advancements in the mining industry. Among our inventions is a novel method for exploring ore types based on the variation of indicator elements in greenstone (基於綠泥石指示元素變化判別找礦類型的新辦法). This innovative approach leverages the unique properties of illite, a common clay mineral, to detect variations in elemental composition that can indicate the presence of specific minerals or ores. By analysing these elemental changes, our extraction team is able to identify mining types more accurately, enhancing our ability to locate valuable resources efficiently. This innovation also exemplifies our commitment to leveraging technology in our business operations, ultimately driving sustainable practices and maximising resource recovery in our mining activities. Additionally, we have developed various applications designed to enhance air purification in mines, improve dust control and optimise mineral exploration processes. These advancements are crucial in addressing the environmental challenges faced by the mining industry today.

Our diverse patent portfolio highlights our technological expertise and demonstrates our dedication to environmental sustainability and operational efficiency. By integrating sustainable practices into our mining operations, we are committed to minimising our ecological footprint while maximising resource recovery. This approach aligns with global trends toward responsible resource management and positions us favourably in the eyes of stakeholders who prioritise sustainability. Furthermore, our focus on R&D, combined with our capability to translate technological know-how into practical solutions, positions us as a leader in the mining industry in Xizang. We continually strive to enhance the quality of our zinc, lead and copper concentrates and adapt to the evolving demands of the industry. We have formulated the Detailed Exploration Implementation Plan for Lead-Zinc Deposits in the Mengya'a Mining Area (2024-2028) (《蒙亞礦區週邊鉛鋅礦詳查實施方案(2024-2028年)》) to implement highly efficient mechanised mining methods, including near infra-red spectrum ore analysing technology, which can be applied in exploration process to improve efficiency.

Privacy Protection

The Group understands that protecting confidential information is crucial to its success. The Group strictly complies with applicable legal requirements. Employees must maintain strict confidentiality regarding any information obtained during their employment, including but not limited to trade secrets, customer personal information and data, supplier information, and other proprietary data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL IMPACT

Employment System

We adhere to the relevant labour standards, laws and regulations in the PRC, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Provisions on Prohibition of Using Child Labour (《禁止使用童工規定》) and the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). During the Year, the Group was not aware of any serious breaches of laws and regulations relating to human resources that had a material impact on the Group. In order to ensure compliance and improve employment management, we have formulated a series of employment management related policies, including but not limited to the Employee Handbook, the Recruitment Management Policy (《員工招聘管理制度》) and the Prevention of Occupational Diseases – Occupation Health Management System (《職業病防治-職業健康管理制度》) which aligned ISO 45001 standard.

Employee Recruitment, Compensation and Benefits

We recognise the importance of maintaining good relationships with our employees and have established relevant guidelines, including but not limited to the Employee Welfare Management System (《員工福利管理制度》) and the Employee Remuneration Management System (《員工薪酬管理制度》), to clearly define the welfare benefits management measures and allowance management system. Our aim is to enhance employees' welfare benefits, thereby improving their stability and retention within the Company. The remuneration package of our employees includes basic salary, position salary and allowances. We determine employee remuneration based on factors such as qualifications, expertise and years of relevant experience. We make sure that our welfare policies are compliant with local employee welfare laws and regulations. For example, we provide our employees with insurance and other essential benefits such as sick leave, bereavement leave, maternity leave, and marriage leave. We also provide additional benefits for the employees such as free accommodation, food, telecommunication allowance, high-altitude work allowance and paid leave during winter. Moreover, we provide regular health examinations for our employees.

We believe our unique group culture is key to our success and serves as the backbone of our continuous and sustainable growth. We will organize different corporate cultural activities from time to time, including but not limited to festive gatherings (such as Mid-Autumn Festival Gala, Dragon Boat Festival Banquet), skills competitions, party branch activities and team building activities.

Equal Opportunity and Diversity

We are committed to fostering a diverse and inclusive workplace. We believe in the unique value that each individual brings to our Group and the industry, irrespective of factors such as their religion, gender, age, ethnicity, and marital status. Our reliable and experienced management team exemplifies this commitment through its inclusive culture. We have achieved ethnic diversity within our leadership, which enables us to gain deeper insights into Xizang's unique culture. We also promote local employment when possible and have provided working opportunities in our mining and processing sites. We value fostering friendly relationships with the local Xizang residents, respecting and protecting their culture and way of life. We prioritise employing local labour and provide skills training opportunities to help them enhance their employment skills and increase the local income level. During the Year, approximately 21% of our employees were ethnic minorities, across different departments and working units. The diverse composition of the Board of Directors further strengthens our governance and compliance framework. It included three independent non-executive directors, representing over one-third of the Board of Directors, as well as two non-executive directors from Xizang Geological Mineral Resources Group Co., Ltd. (formerly known as Xizang Shengyuan Mineral Group Co., Ltd.), which represents Xizang SASAC. The balanced structure of the Board of Directors ensures that high standards of corporate governance are applied throughout our operations, underscoring our dedication to regulatory compliance and sustainable mining practices.

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The number of employees within the reporting scope of the Group is as follows:

Number of employees	December 31, 2025
Total	290
By gender	
Female	34
Male	256
By age	
<30	41
30-50	202
>50	47
By region	
China	290
By ethnic group	
Han (漢族)	228
Zang (藏族)	47
Mongol (蒙古族)	1
Manchu (滿族)	6
Other ethnic minorities	8
By type of employment	
Full-time	290
Part-time	0

During the Year, the employee turnover rate within the reporting scope of the Group was as follows:

Employee turnover rate ¹	2025
Total	18%
By gender	
Female	138%
Male	2%
By age	
<30	5%
30-50	25%
>50	0%
By region	
China	18%

Note:

1. Employee turnover rate = number of employees who left during the year ÷ number of employees at the end of the year × 100%

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Human Right Protection System

We place importance on safeguarding human rights within our labour management practices and prohibit child labour and forced labour. During the Year, we did not have any legal violations or lawsuits related to child labour or forced labour. We have formulated recruitment management measures to verify the personal information of all new hires. We conduct background checks on the identity and background of employees upon employment, requiring applicants to provide proof of personal information, educational background, qualifications, work experience and other relevant information. Employees can voluntarily resign by following our relevant employment procedures. Additionally, to ensure reasonable working time for our employees, we have established standard working hours. In cases where overtime is necessary, the relevant department shall submit a request for review by superiors, and affected employees will be compensated for overtime work in accordance with labour contract regulations. Upon discovery of any child labour or forced labour, the Group will investigate and take action in accordance with applicable laws and promptly report to government authorities. Furthermore, the Group will immediately terminate the employment contract and impose appropriate penalties on the offending employee.

Employee Development and Promotion

Our corporate culture is built on devotion and dedication, fostering an inspiring environment for our employees in pursuit of excellence. We are committed to developing tailored growth plans that nurture employees' individual strengths. Most of our senior management members have been trained and organically promoted based on their performance and growth potential. We also recruit talents with valuable skills and experience to join the Group. We value both our internally trained talents, who offer loyalty and home-grown capabilities, as well as our external hires, who contribute complementary skill sets and experiences. In addition, we have developed an annual performance appraisal form in which departments are scored based on daily work, key tasks and related performance metrics.

Employee Training and Development

We bear the responsibility and obligation of fostering employee development and career progression. To facilitate this, we have established relevant internal policies and procedures, including but not limited to the Employee Continuing Re-education Incentive System (《員工繼續再教育激勵制度》), to encourage employees to engage in continuous learning, actively participate in on-the-job continuing education, and pursue professional certification examinations. In addition, we have also established the Training Management System (《培訓管理制度》), which aims to strengthen the standardization of the Company's training system. Guided by the principle of being "economic, practical and efficient", we adopt a training policy of personnel stratification and method diversification, and continuously improve the professional skills of employees. Our training forms include, but are not limited to, internal training, new employee training, job skills training, and expatriate training. We also conduct training evaluations based on multiple quantitative and qualitative evaluation forms, such as test-based evaluations and drill-based evaluations, and combine them with the performance of trainees to provide a comprehensive assessment.

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During the Year, the percentage of employees trained¹ of the Group was 100%, and the average training hours completed per employee² was approximately 44.55 hours. The breakdown of employees trained, and the average training hours completed per employee by gender and employee category are set out below:

Indicators	Breakdown of employees trained ³	Average training hours ⁴
	2025	2025
By gender		
Female	12%	10.12
Male	88%	49.13
By employee category		
Senior management	2%	80.00
Middle management	9%	80.00
General staff	89%	40.00

Notes:

1. Percentage of employees trained = total number of employees who took part in training during the year ÷ total number of employees at the end of the year × 100%.
2. Average training hours completed per employee = total training hours during the year ÷ total number of employees at the end of the year.
3. Breakdown of employees trained by category = number of employees in the specified category who took part in training during the year ÷ total number of employees who took part in training during the year × 100%.
4. Average training hours by category = training hours of employees in the specified category during the year ÷ total number of employees who took part in training in the specified category during the year.

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Occupational Health and Safety

We have established internal occupational health and safety management policies that are generally in line with recognised industry practices and safety regulations in the PRC. We have established a set of guidelines, including but not limited to the Code of Job Safety Operating Procedures (《崗位安全技術操作規範》), the Emergency Plan for Environmental Emergencies (《突發環境事件應急預案》), the Labour Protective Equipment Management System (《勞動防護用品管理制度》) and the Production Safety Accident Reporting System (《生產安全事故報告制度》), covering the relevant safety technical operating procedures, the guidelines on safety and labour protection, and the guidelines on safety production. We emphasise safety management for high-risk engineering projects, analyse potential hazards at various stages of a project and our operation, and establish and ensure the implementation of safety construction plans. We aim to identify and address potential risks, offer safety and labour protection training to management at all levels, allocate responsibilities for safety and labour protection, refine the management of safety and labour protection systems to prevent, and control the occurrence of construction production safety incidents. We will continue to strengthen safety management to ensure that effective measures are taken to prevent accidents and safeguard the occupational health of employees.

We have developed comprehensive emergency response plans, such as the Production Safety Accident Emergency Plan (《生產安全事故應急預案》), that cover various potential emergencies, such as fires, explosions, and collapses. Organise regular drills for all employees to enhance their ability to respond to unforeseen events. The emergency plans should clearly outline the specific responsibilities of each department and individual during an incident, ensuring swift and accurate information transfer and efficient, orderly rescue operations. Additionally, regularly assess and refine the plans, adjusting them based on real circumstances to ensure they remain practical and effective. The Safety and Environment Department is tasked with ensuring the effective implementation of safety and labour protection systems, including carrying out safety and labour protection training, organising and conducting safety and labour protection inspections and overseeing the optimisation of safety and labour protection conditions and measures. Other employees are responsible for adhering to safety and labour protection instructions, internal labour guidelines, production technical requirements, labour discipline and the directives of their superiors, and are obliged to attend relevant training and examinations as scheduled. Moreover, we conduct regular on-site inspections of production safety conditions to identify potential hazards. If any potential safety hazards are identified, we document the relevant locations, potential issues, rectification measures, rectification time limits, and conduct acceptance inspections. All such content is recorded and stored.

During our operations, we are committed to complying with the safety rules and regulations as stipulated by the PRC Government. During the Year, the Group did not identify any work-related fatalities that related to our employees (rate of work-related fatalities: 0%) and this has been maintained for 3 consecutive financial years. A total of 15 lost working days were recorded by the Group's employees as a result of work-related injuries during the Year. The Group did not identify any material matters that had a significant impact on the Group and seriously violated relevant laws and regulations related to health and safety. Relevant laws and regulations include, but are not limited to, the Labour Law of the PRC (《中華人民共和國勞動法》) and the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》).

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In addition, we require the contractors and subcontractors to possess appropriate qualifications in their contracted tasks and production safety relevant to the specific mining tasks they are contracted to perform. This includes holding all necessary licences, certifications and professional credentials that verify their technical qualifications and commitment to safety in mining activities. Contractors and subcontractors must demonstrate that they are properly trained and certified to perform key mining activities such as mineral extraction, drilling, blasting, and ore processing in compliance with industry safety standards and regulatory requirements. Their qualifications should reflect a thorough understanding of safe operational procedures, hazard identification, risk management, and emergency response specific to mining environments. Their qualifications must also reflect compliance with national and industry-specific regulatory frameworks, including occupational health and safety laws, environmental protection regulations, and mining safety codes. Emphasis is placed on ensuring that all personnel involved have received appropriate safety training and possess the certifications needed to minimise workplace accidents and protect the health and safety of workers. We also provide regular safety trainings to our contractors and subcontractors to ensure they stay up-to-date with the latest safety protocols and industry practices. These trainings cover topics including hazard recognition, proper use of personal protective equipment, and emergency response procedures. By continuously reinforcing safety awareness and practical skills, we aim to foster a proactive safety culture and enhance the overall safety performance on site.

Work Safety Training

We emphasise training and conduct safety training courses to reinforce safety management and raise employee safety awareness. We have developed the safety and labour protection training programme, and fire safety training rules to ensure that employees adhere to safety requirements, mitigate safety and fire risks in projects and protect the safety of employees. We regularly provide all employees with comprehensive safety training, covering emergency response, equipment operation standards, and personal protective measures. New employees must undergo basic safety knowledge training upon hiring and pass an assessment before starting work. Current employees should participate in refresher training at least once a year to update and reinforce their safety awareness and skills.

Employee Health Protection

We also hold each employee in high regard, recognising them as essential team members, and are dedicated to providing a workplace that is both safe and conducive to happiness and well-being. We have established and enforced a rigorous safety inspection system to ensure that all production equipment and work environments meet national safety standards. We create a dedicated safety inspection team responsible for routine and special inspections to promptly identify and eliminate potential hazards. For critical equipment, we develop detailed maintenance plans and strictly adhere to them, documenting each inspection and maintenance activity for effective tracking and management. Alongside safety education and training, we ensure that employees are equipped with comprehensive personal protective gear, such as safety clothing, gloves, footwear, and helmets. Our safety engineers offer guidance on the correct use and wear of such protective equipment, and they regularly conduct on-site inspections to verify that all factory employees have implemented health protection measures. All personnel involved in handling explosives undergo mandatory training and certification programmes to ensure that they understand the safe operating procedures and emergency response protocols. Regular safety audits and risk assessments help identify potential hazards, allowing us to implement effective mitigation strategies. We strictly adhere to all relevant regulations governing the storage, transportation, and use of explosives, maintaining comprehensive records for transparency and accountability.

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In cases where employees experience discomfort or minor illnesses such as altitude sickness caused by hypoxia that require medical attention during work, we have prepared a first aid kit, oxygen cylinders and medicines on the operation sites. In the event of a sudden serious illness or an injury occurring during on-site operations, we will also make emergency arrangements for transportation with the Group's ambulance and accompanying personnel to take the employee to the hospital for urgent treatment. Moreover, we conduct regular employee health examinations to evaluate their physical well-being and make any necessary adjustments accordingly.

Community Relations

Our exploration and mining activities in Xizang require not only advanced technological support but also a deep understanding of, and respect for the local culture and social structure due to the special geological locations and the unique cultural background of the region. Since our establishment, we have been focusing on resource development in Xizang, accumulating rich operational experience and establishing long-term, stable partnerships with the local government and indigenous communities. Our collaboration model extends to service providers with strong local roots. For example, we partner with Jurui Farmers and Herders Professional Cooperative in Rongdoi Township, Jiali County (嘉黎縣絨多鄉聚瑞農牧民專業合作社), which is responsible for transporting our concentrates from our beneficiation plant to Lhasa. Grounded in a shared commitment to mutual benefit and regional development, this collaboration supports essential logistics for our operations while creating quality employment and income opportunities for residents. The transportation team comprised seasoned drivers with intimate knowledge of Xizang's terrain and weather patterns. Their proven capability to manage extreme conditions and complex topography is critical to the safe, reliable, and efficient delivery of our products.

We value social responsibilities and are committed to contributing to the local communities. We have participated in environmental protection projects, including but not limited to the Nanbeishan Greening Project (南北山綠化工程), which is an afforestation project led by the Lhasa Forestry and Grassland Bureau (拉薩市林業和草原局). To fully implement Xi Jinping Thought on Ecological Civilization, lead the development of national ecological civilization highlands, and improve urban livability and the quality of life for the public, we embrace and adhere to the development concept of "lucid waters and lush mountains are invaluable assets, and so are ice and snow (綠水青山就是金山銀山、冰天雪地也是金山銀山)". We prioritize ecological conservation and green development while advancing the afforestation project, Nanbeishan Greening Project (南北山綠化工程). This project is the first representative project in China for large-scale ecological construction and restoration in river valley areas, and it is also an important livelihood project to improve the ecological environment and well-being of people of various ethnic groups. We participated in this project on a scale of over 130 square hectares. In the interim acceptance report of Cijuelin No. 1-1 subarea (次覺林1-1號片區中期驗收報告) in December 2025, based on the analysis of the comprehensive subarea situation and construction situation, the preservation rate of the number of afforestation plants in the area we are responsible for exceeded 80%, which met the requirements of the Notice by the Office of the Lhasa Nanbeishan Greening Command Headquarters of Issuing the "Implementation Rules for the Acceptance of the Lhasa Nanbeishan Greening Project (Provisional)" (《拉薩南北山綠化指揮部辦公室關於印發<拉薩南北山綠化工程驗收實施細則(暫行)>的通知》).

In addition, we have made donations to support the development of public welfare and contribute to building a harmonious society. The amount of donations by the Company during the Year was approximately RMB10.1 million. Our donations have been used for local education and transportation infrastructure development. In 2025, we also donated RMB437,500 to help the local people of Xigaze who were affected unfortunately by the earthquake in January 2025.

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APPENDIX - Content Index of the Code

The Code	Corresponding sections in the ESG Report	Remarks/Explanation for Omission
Mandatory Disclosure Rules ("MDR")		
MDR 13	Statement of the Board of Directors, Sustainable Development Leadership and Governance	
MDR 14	Reporting Standards	
MDR 15	Reporting Scope	
Aspect A1: Emissions		
A1	ENVIRONMENTAL MANAGEMENT	
A1.1	ENVIRONMENTAL MANAGEMENT - Air Quality and Noise Management	
A1.3	ENVIRONMENTAL MANAGEMENT - Waste Management	
A1.4		
A1.5	ENVIRONMENTAL MANAGEMENT - Environmental Targets, Energy Management	
A1.6	ENVIRONMENTAL MANAGEMENT - Environmental Targets, Waste Management	
Aspect A2: Use of Resources		
A2	ENVIRONMENTAL MANAGEMENT	
A2.1	ENVIRONMENTAL MANAGEMENT - Energy Management	
A2.2	ENVIRONMENTAL MANAGEMENT - Water Resource Management	
A2.3	ENVIRONMENTAL MANAGEMENT - Environmental Targets, Energy Management	
A2.4	ENVIRONMENTAL MANAGEMENT - Environmental Targets, Water Resource Management	
A2.5		<i>The Group's business does not involve the use of packaging materials, so the relevant disclosure is not applicable.</i>

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The Code	Corresponding sections in the ESG Report	Remarks/Explanation for Omission
Aspects A3: The Environment and Natural Resources		
A3	ENVIRONMENTAL MANAGEMENT - Biodiversity and	
A3.1	Land Use, Tailing Management, Environmental Rehabilitation	
Aspect B1: Employment		
B1	SOCIAL IMPACT - Employment System	
B1.1		
B1.2		
Aspect B2: Health and Safety		
B2	SOCIAL IMPACT - Occupational Health and Safety	
B2.1		
B2.2		
B2.3		
Aspect B3: Development and Training		
B3	SOCIAL IMPACT - Employee Training and Development	
B3.1		
B3.2		
Aspect B4: Labour Standards		
B4	SOCIAL IMPACT - Employment System, Human Right	
B4.1	Protection System	
B4.2		
Aspect B5: Supply Chain Management		
B5	PRODUCT RESPONSIBILITY - Responsible Supply Chain	
B5.1		
B5.2		
B5.3		
B5.4		

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The Code	Corresponding sections in the ESG Report	Remarks/Explanation for Omission
Aspect B6: Product Responsibility		
B6	PRODUCT RESPONSIBILITY - Responsible Production	
B6.1		<i>Our products are not subject to recall for safety and health reasons.</i>
B6.2	PRODUCT RESPONSIBILITY - Responsible Production	
B6.3		
B6.4		
B6.5		
Aspect B7: Anti-corruption		
B7	ROBUST GOVERNANCE - Business Ethics	
7.1		
7.2		
B7.3		
Aspect B8: Community Investment		
B8	SOCIAL IMPACT - Community Relations	
B8.1		
B8.2		
Part D: Climate-related disclosures		
19(a)-(b)	ROBUST GOVERNANCE - Sustainable Development Leadership and Governance; CLIMATE CHANGE - Climate Governance	
20(a)-(d)	CLIMATE CHANGE - Climate Strategy	
21(a)-(b)	CLIMATE CHANGE - Climate Strategy	
22(a)-(b)	CLIMATE CHANGE - Climate Strategy	
23		

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The Code	Corresponding sections in the ESG Report	Remarks/Explanation for Omission
Part D: Climate-related disclosures		
24(a)-(b) 25(a)-(b)	CLIMATE CHANGE - Climate Strategy	<i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
26(a)-(b)	CLIMATE CHANGE - Climate Strategy	
27(a)-(c)	CLIMATE CHANGE - Climate Risk Management	
28(a)-(c)	CLIMATE CHANGE - Climate Metrics and Targets	
29(a)-(d)		
30		<i>Our current research covers only specified assets and businesses, and we will explore the feasibility of expanding the scope of the study in the future.</i>
31		<i>Our current research covers only specified assets and businesses, and we will explore the feasibility of expanding the scope of the study in the future.</i>
32		<i>Our current research covers only specified assets and businesses, and we will explore the feasibility of expanding the scope of the study in the future.</i>
33		<i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>

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The Code	Corresponding sections in the ESG Report	Remarks/Explanation for Omission
Part D: Climate-related disclosures		
34(a)-(b)		<i>We do not adopt the carbon pricing mechanism in our decision-making process.</i>
35		<i>We have not yet incorporated climate-related considerations into our remuneration policy.</i>
36	ENVIRONMENTAL MANAGEMENT; CLIMATE CHANGE - Climate Metrics and Targets	
37(a)-(h)	ENVIRONMENTAL MANAGEMENT; CLIMATE CHANGE - Climate Metrics and Targets	
38(a)-(d)		
39		
40(a)-(c)		
40(d)		<i>Our existing targets are not derived from an industry decarbonization approach.</i>
40(e)		<i>We have not yet implemented carbon credit-related programs in our operations.</i>
41		<i>In preparing disclosures on industry-based indicators, where direct quantitative data was not reasonably available, the Group has made reference to potential industry benchmarks and internal estimates, which are in line with the reasonable information relief provisions. The issuer will strengthen the data collection process to improve the accuracy of future data.</i>

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

1. COMPOSITION OF DIRECTORS

As at 31 December 2025, the Board consisted of 1 executive Director, 4 non-executive Directors and 3 independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name	Age	Position(s)	Date of appointment as Director	Time of joining our Group	Roles and responsibilities
Ms. He Qian (何前)	53	Chairwoman of our Board, executive Director	27 November 2020	13 January 2019	Responsible for overall strategic planning, operational decisions and overseeing operation and management of our Group
Ms. Fan Xiulian (范秀蓮)	61	Non-executive Director	28 November 2013	Since the establishment of our Company	Responsible for overall strategic planning and decisions of our Group
Mr. Lv Xijun ¹ (呂喜軍)	62	Non-executive Director	25 May 2016	20 September 2014	Responsible for overall strategic planning and decisions of our Group
Mr. Lhakpa Tsering (拉巴次仁)	53	Non-executive Director	27 November 2020	27 November 2020	Responsible for providing guidance for the development of our Group
Mr. Silang Wangdui (斯郎旺堆)	40	Non-executive Director	8 December 2023	8 December 2023	Responsible for providing guidance for the development of our Group
Mr. Ye Hui (葉輝)	50	Independent non-executive Director	27 November 2020	27 November 2020	Providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company
Ms. Yang Xiaoyan (楊曉燕)	51	Independent non-executive Director	27 November 2020	27 November 2020	Providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company
Ms. Dong Lijun (董黎君)	56	Independent non-executive Director	8 December 2023	8 December 2023	Providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company

Note:

1. Mr. Lv Xijun resigned on the 30 March 2026.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHY OF EXECUTIVE DIRECTOR

Ms. He Qian (何前), aged 53, joined our Group in January 2019 as the chief financial officer and was appointed as a Director on 27 November 2020. She has been the chairwoman of our Board since May 2023. She was designated as the executive Director on 26 March 2025 (effective upon Listing). She also served as the executive director of Zhihua Industrial since June 2023 and Huahai Mineral since July 2023. Ms. He is responsible for overall strategic planning, operational decisions and overseeing our operation and management. Ms. He is a member of our Remuneration Committee. With over 23 years of experience in corporate governance, financial management and investment, Ms. He brings extensive expertise in corporate operations in our Group.

In addition to her employment with our Group, Ms. He also served as an independent director/executive director of various listed companies. She was an executive director of Cherish Sunshine International Limited (承輝國際有限公司) (formerly known as China Public Procurement Limited (中國公共採購有限公司)) (stock code: 01094) from January 2015 to September 2024. She also served as an independent director of: Jiangsu Akcome Science and Technology Co., Ltd. (江蘇愛康科技股份有限公司) (stock code: ST.400235, formerly SZ.002610) (delisted in 2024) from May 2016 to October 2022; Zhejiang Chunhui Intelligent Control Co., Ltd. (浙江春暉智能控制股份有限公司) (stock code: SZ.300943) from May 2016 to May 2022; Lionco Pharmaceutical Group Co., Ltd. (靈康藥業集團股份有限公司) (stock code: SH.603669) from March 2022 to present; and Suzhou Xingye Material Technology Co., Ltd. (蘇州興業材料科技股份有限公司) (stock code: SH.603928) from October 2023 to present.

Prior to joining our Group, Ms. He was a partner at Zhejiang Yuehua Accounting Firm Co., Ltd. (浙江嶽華會計師事務所有限公司) from October 2001 to December 2008. From January 2009 to April 2015, she served as a partner at Ruihua Accounting Firm (Specialised General Partnership) Zhejiang Branch (瑞華會計師事務所(特殊普通合夥)浙江分所) (formerly known as Zhongrui Yuehua Accounting Firm Co., Ltd. Zhejiang Branch (中瑞嶽華會計師事務所有限公司浙江分所)). Since March 2015, she has been the chairwoman of the board of directors of Zhejiang Yueyou Investment Management Co., Ltd. (浙江嶽佑私募基金管理有限公司).

Ms. He completed her undergraduate programme in accounting from University of International Business and Economics (對外經濟貿易大學) in January 2006. In September 2011, Ms. He obtained an executive master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院). Additionally, she obtained an executive master's degree in finance from Shanghai Jiao Tong University (上海交通大學) in December 2015.

BIOGRAPHY OF NON-EXECUTIVE DIRECTORS

Ms. Fan Xiulian (范秀蓮), aged 61, is the founder of our Company and has assumed various management positions since the establishment of our Company. Ms. Fan was appointed as a Director on 28 November 2013 and was designated as a non-executive Director on 26 March 2025 (effective upon Listing). As the chairwoman of our Strategy Committee, Ms. Fan is responsible for overall strategic planning and decisions of our Group. She has extensive experience in corporate management and operation.

From March 2003 to December 2005, she served as the general manager of Shenyang Xinborui Pharmaceutical Co., Ltd (瀋陽欣博瑞醫藥有限公司). Since January 2006, she has been the general manager of Haisco Pharmaceutical Group Co., Ltd (海思科醫藥集團股份有限公司) ("**Haisco Pharmaceutical**"), whose shares are listed on the Shenzhen Stock Exchange (stock code: SZ.002653). She has also been a director of Haisco Pharmaceutical since November 2007.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Fan obtained a bachelor's degree in mechanic engineering from South China University of Technology (華南理工大學) (formerly known as South China College of Technology (華南工學院)) in July 1987 and an executive master's degree in business administration from Cheung Kong Graduate School of Business in September 2011.

Mr. Lv Xijun (呂喜軍), aged 62, was appointed as a Director on 25 May 2016 and was designated as a non-executive Director on 26 March 2025 (effective upon Listing), responsible for overall strategic planning and decisions of our Group. Mr. Lv is a member of our Strategy Committee. Mr. Lv served as the executive director of Zhihua Industrial from September 2019 to June 2023 and Huahai Mineral from July 2019 to July 2023.

Since May 2008, he has been the chairman of the board of directors of Huludao Huayue Shipbuilding Supply Co., Ltd. (葫蘆島華越船舶配套有限公司) responsible for the allocation of nonferrous metals in the northern region of China. From 2004 to 2014, Mr. Lv served as the director of Huaxia Mining and subsequently from 2014 to 2021, he served as the general manager of Huaxia Mining, during which period he was responsible for the overall operations, mining and exploration of Huaxia Mining. Mr. Lv served as the General Manager from December 2020 to April 2023, responsible for our day-to-day management and overseeing areas such as mining and processing operations.

Mr. Lv has confirmed that (i) he was not directly responsible for handling the company secretarial matters, which was assigned to certain specified staff in the above-mentioned company; and (ii) there was no dishonest or fraudulent act on his part in respect of the revocation of the business licence of the above-mentioned company. Mr. Lv further confirmed that up to 31 December 2025, he has not received any (i) notice or sanction by any relevant government authorities against him imposing any penalty or order for rectification or alleging that he is personally liable in respect of the revocation of above-mentioned company; or (ii) notice of disqualification by relevant authorities requiring him to cease to act as director of any PRC company.

Mr. Lhakpa Tsering (拉巴次仁), aged 53, was appointed as a Director on 27 November 2020 and was designated as a non-executive Director on 26 March 2025 (effective upon Listing), responsible for providing guidance for the development of our Group. Mr. Lhakpa is a member of our Nomination Committee.

Mr. Lhakpa has over 22 years of experience in mining, geological exploration, and corporate management. Prior to joining our Company, Mr. Lhakpa Tsering worked as party branch member, discipline inspection secretary and chairman of the labour union at Xizang Engineering Survey and Construction Group Co., Ltd. (西藏工程勘察施工(集團)有限責任公司) from January 2012 to March 2016. From March 2016 to January 2019, he served as deputy party secretary and director at Central Laboratory of the Geological and Mineral Exploration and Development Bureau of the Xizang Autonomous Region (西藏自治區地質礦產勘察開發局中心實驗室). From January 2019 to August 2020, he was the deputy secretary and captain at Brigade of the Geological and Mineral Exploration and Development Bureau of the Xizang Autonomous Region (西藏自治區地質礦產勘查開發局地熱地質大隊). Since August 2020, he has been the party secretary and chairman of the board of directors of Xizang Shengyuan.

Mr. Lhakpa obtained the qualification of Senior Engineer in Geophysical and Geochemical Exploration (物化探高級工程師) on 15 June 2010 granted by the Xizang Bureau of Geology and Exploration Geothermal Team (西藏地勘局地熱地質大隊).

Mr. Lhakpa completed his undergraduate programme at Hebei GEO University (河北地質大學) (previous known as Shijiazhuang College of Economics (石家莊經濟學院)) in July 1996 with a bachelor's degree in applied geophysics.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Silang Wangdui (斯郎旺堆), aged 40, was appointed as a Director on 8 December 2023 and was designated as a non-executive Director on 26 March 2025 (effective upon Listing), responsible for providing guidance for the development of our Group. Mr. Silang Wangdui is a member of our Audit Committee.

Mr. Silang Wangdui has over 18 years of experience in mining, geological exploration and corporate management. Prior to joining our Board, he served as the team leader of Geological Exploration Institute of the Sixth Geological Brigade of the Geological Survey Bureau (地勘局第六地質大隊地勘院) ("**Sixth Brigade**") from 2007 to 2009. From 2010 to 2012, he was the deputy technical head of the Geological Exploration Institute of the Sixth Geological Brigade. He served as the project manager of the Western Xizang Project Department of the Sixth Brigade from 2013 to 2015. From 2016 to 2017, he served as the project manager for the Central Xizang Project Department of the Sixth Brigade. From 2018 to 2020, he was the acting deputy head of the technical department at the preparation team of Xizang Shengyuan. Since 2021, he has been the acting head of the technical department at Xizang Shengyuan.

Mr. Silang Wangdui was accredited as a Senior Engineer in geology and mineral resources (地質礦產高級工程師) by Geological Exploration Engineering Series Senior Professional Technical Post Evaluation Committee of Xizang Autonomous Region (西藏自治區地勘工程系列高級專業技術職務評審委員會) in July 2023.

Mr. Silang Wangdui obtained a bachelor's degree of science in geographic information from Yangtze University (長江大學) in June 2007.

BIOGRAPHY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Hui (葉輝), aged 50, was appointed as an independent Director on 27 November 2020 and designated as an independent non-executive Director on 26 March 2025 (effective upon Listing). With extensive experience in accounting, Mr. Ye is responsible for providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company. Mr. Ye is the chairman of our Audit Committee.

Prior to joining our Group, from August 2009, Mr. Ye served as an audit manager and later as a senior manager at the Shanghai branch of Zhongrui Yuehua Certified Public Accountants Firm Co., Ltd. (中瑞岳華會計師事務所有限公司上海分所), which was later named as at the Shanghai branch of Ruihua Certified Public Accountants (Special General Partnership) (瑞華會計師事務所(特殊普通合夥)上海分所). From November 2019 to June 2020, Mr. Ye worked as a senior manager at Shanghai branch of Tianjian Certified Public Accountants (Special General Partnership) (天健會計師事務所(特殊普通合夥)上海分所). Since June 2020, he has been a partner at the Shanghai branch of Shangkuai Certified Public Accountants (Special General Partnership) (上會會計師事務所(特殊普通合夥)).

Mr. Ye was accredited as a certified public accountant in the PRC and an intermediate accountant (中級會計師) by the MOF of the PRC in May 2000. He was also recognised as a certified tax agent (註冊稅務師) by Bureau of Human Resource and Social Security of Guizhou Province (貴州省人力資源及社會保障廳) in October 2001.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ye obtained a bachelor's degree in accounting from Guizhou University of Commerce (貴州商學院) (formerly known as Guizhou Commercial College (貴州商業高等專科學校)) in July 1996.

Ms. Yang Xiaoyan (楊曉燕), aged 51, was appointed as an independent Director on 27 November 2020 and designated as an independent non-executive Director on 26 March 2025 (effective upon Listing). Ms. Yang is responsible for providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company. Ms. Yang is the chairwoman of our Nomination Committee and a member of our Remuneration Committee and Strategy Committee.

Ms. Yang has over 20 years of experience in education management, corporate training and corporate social responsibilities. She served as the project executive director of the EMBA Department at Guanghua School of Management, Peking University (北京大學光華管理學院) from July 2000 to August 2003. Between January 2009 and November 2013, she was the director of Cisco Leadership Institute at Guanghua School of Management, Peking University (北京大學光華管理學院思科領導力研究院). From December 2013 to March 2025, she worked at Cheung Kong Graduate School of Business and her last position was assistant dean. She has been an independent director of Dongyang Life Insurance Co., Ltd. (Korea) (韓國東洋人壽保險公司) since March 2021. From August 2023 to September 2024, she served as an independent non-executive director of Cherish Sunshine International Limited (stock code: 01094). Since March 2025, she has been the Head of Mainland Strategy Development of the School of Business Administration of the Hong Kong University of Science and Technology.

Ms. Yang obtained a bachelor's degree in arts majoring in English from Beijing Normal University in July 1996 and a master's degree in business administration from the Hong Kong University of Science and Technology in November 2004.

Ms. Dong Lijun (董黎君), aged 56, was appointed as an independent Director on 8 December 2023 and designated as an independent non-executive Director on 26 March 2025 (effective upon Listing). Ms. Dong is mainly responsible for providing independent opinion and judgment to our Board, thereby protecting the overall interest of our Company. Ms. Dong is the chairwoman of our Remuneration Committee and a member of our Audit Committee and Nomination Committee.

Ms. Dong has over 22 years of experience in the legal industry and has extensive experience on providing advice on corporate governance and compliance. From May 2002 to May 2003, Ms. Dong worked as a lawyer at Zhejiang Zhongzhou Law Firm (浙江中宙律師事務所). Since June 2003, Ms. Dong has been a lawyer at Zhejiang Tiance Law Firm (浙江天冊律師事務所) and her current position is a full-time lawyer. Ms. Dong obtained her qualification certificate of legal profession in April 1994.

Ms. Dong obtained a bachelor's degree in laws from Ningbo University (寧波大學) in July 1991 and a master's degree in economics majoring in western economics from Zhejiang University (浙江大學) in July 1999.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets forth certain information in respect of our senior management as at 31 December 2025:

Name	Age	Position(s)	Date of appointment as senior management	Time of joining our Group	Roles and responsibilities
Mr. Ma Ying (馬英)	53	General Manager	18 April 2023	20 September 2014	Responsible for day-to-day operation and management of our Group, overseeing areas such as mining and concentrate production, sales and supply chain management and risk management and internal controls
Mr. Xu Baofu (徐寶富)	40	Deputy general manager	18 April 2023	20 September 2014	Responsible for mineral management, ore processing and concentrate production and mining site construction of our Group
Mr. Xing Zhenshuo (邢振鏢)	37	Deputy general manager	18 April 2023	20 September 2014	Responsible for public relations and logistics management and administration of our Group
Mr. Li Shun (李順)	49	Chief financial officer and board secretary	28 October 2024	20 September 2024	Responsible for the investment and financial management of our Group
Mr. Kang Yimin (康亦民)	56	Chief geotechnical engineer	Since January 2022	20 September 2014	Responsible for mining exploration and mineral resources management of our Group

Mr. Ma Ying (馬英), aged 53, was appointed as the General Manager on 18 April 2023. Mr. Ma is principally responsible for day-to-day functionality and efficiency of our Group, overseeing areas such as mining and processing operations, sales and supply chain management and risk management and internal controls. Mr. Ma has accumulated extensive expertise in relation to mineral exploration, processing and mining production from his past experiences.

Prior to joining our Group, Mr. Ma has worked at various positions at MCC Huludao Nonferrous Metals Group Co., Ltd. (中冶葫蘆島有色金屬集團) (“**Huludao Nonferrous Metals Group**”) from July 1995 to November 2006, including technician, deputy section head and his last position was the principal-in-charge of bidding office. Since November 2006, he has assumed various positions at Huaxia Mining. From November 2006 to September 2008, Mr. Ma was the mining chief of Huaxia Mining. From September 2008 to December 2014, Mr. Ma was the vice general manager and mining chief of Huaxia Mining, responsible for overseeing daily operations and safety management of the mines. Since April 2023, he has been the General Manager.

Mr. Ma was accredited as a Certified Safety Engineer by the Bureau of Human Resources and Social Security of Xizang Autonomous Region (西藏自治區人力資源與社會保障廳) in January 2012. In January 2023, Mr. Ma was appointed as Safety Production Expert (安全生產專家) of National Mine Safety Administration (國家礦山安全監察局).

Additionally, he is an external safety production technical expert of the Xizang Mining Association and serves as vice chairman of the Nagqu Federation of Industry and Commerce (那曲市工商聯) and a member of the Second Committee of the Nagqu Municipal Political Consultative Conference (政協第二屆那曲市委員會).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma completed his undergraduate programme in mine engineering from Central South University (中南大學) (previously known as Central South Industrial University (中南工業大學)) in June 1995. In December 2011, he obtained a master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學).

Mr. Xu Baofu (徐寶富), aged 40, was appointed as the deputy general manager of our Company on 18 April 2023. Mr. Xu is mainly responsible for engineering construction and plant production of our Group.

Mr. Xu worked as a measurement technician at Huaxia Mining from August 2008 to June 2014. From July 2014 to May 2015, Mr. Xu was transitioned to the role of construction staff at the engineering department at Huaxia Mining and he was promoted as the supervisor of the engineering department at Huaxia Mining from June 2015 to May 2017. From June 2017 to October 2021, he served as the manager of the planning and operations department at Huaxia Mining. From November 2021 to December 2023, he was promoted as the deputy general manager of Huaxia Mining, responsible for engineering construction and production planning. From August 2021 to April 2023, he served as a non-employee representative supervisor of our Company. Mr. Xu obtained the qualification of Intermediate Civil Engineering Manager granted by China Human Resources Professional Competency Evaluation Centre (中國人力資源職業能力人才評價中心) in June 2023. Since January 2024, Mr. Xu was responsible for engineering construction and plant production of our Group.

Mr. Xu obtained a bachelor's degree in engineering majoring in surveying and mapping from Central South University (中南大學) in June 2008.

Mr. Xing Zhenshuo (邢振鏢), aged 37, was appointed as the deputy general manager of our Company on 18 April 2023. Mr. Xing is primarily responsible for public relations and logistics management and administration of our Group.

Mr. Xing has extensive experience in mining industry. From April 2011 to March 2014, he worked as a production technician and section chief of the production technology department of Huaxia Mining. From March 2014 to March 2015, Mr. Xing was promoted as an assistant production director at the mining factory of Huaxia Mining. From April 2015 to March 2017, he served as an assistant to the production director, head of the production technology department, and deputy manager of the safety and environmental protection department of Huaxia Mining. From April 2017 to December 2019, Mr. Xing was the manager of safety and environmental protection department of Huaxia Mining. From December 2019 to May 2023, he was a non-employee representative supervisor of our Company. Since May 2023, he has been a deputy general manager of our Company and the general manager of Huaxia Mining.

Mr. Xing was recognised as a Certified Safety Engineer by the Ministry of Human Resources and Social Security of the PRC in October 2018. He was accredited as an Engineer in Geology and Mineral Resources (地質礦產工程師) granted by Geological Exploration Engineering Series Senior Professional Technical Post Evaluation Committee of Xizang Autonomous Region (西藏地勘工程系列高級專業技術職務評審委員會) in January 2017.

His co-authored thesis on "Research on Reducing Blasting Costs in Energy-Saving and Consumption-Reducing Open-Pit Mining (對露天採礦節能降耗中降低爆破成本的研究)" and "Exploration of the Application of Mining Technology in Mining Operations (採礦工藝技術在採礦作業中的應用探析)" were awarded the first prize in the paper evaluation of Engineering Technology Monthly (工程技術月刊) in April 2016.

Mr. Xing obtained a bachelor's degree in engineering majoring in mineral resources engineering from University of South China (南華大學) in July 2010.

Mr. Li Shun (李順), aged 49, was appointed as the chief financial officer and company secretary of our Company on 28 October 2024. Mr. Li is primarily responsible for company secretarial work and financial management of our Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li has over 14 years of experience in financial management and investment. Prior to joining our Group, Mr. Li worked in the financial control department of China International Capital Corporation (UK) Limited (中國國際金融股份有限公司英國公司) from April 2010 to July 2014. From August 2014 to May 2021, he was the chief financial officer of Metropolis International Finance Leasing Company Limited (信都融資租賃有限公司). From October 2021 to September 2024, Mr. Li assumed various positions, including non-executive director, chief financial officer and company secretary of Cherish Sunshine International Limited (承輝國際有限公司), whose shares are listed on the Stock Exchange (stock code: 01094).

Mr. Li was accredited as a Global Chartered Management Accountant by Association International Certified Professional Accountants and was admitted as a Fellow Chartered Management Accountant by the Chartered Institute of Management Accountants in November 2024. Additionally, he has been a Chartered Secretary since May 2023 and a Fellow Chartered Governance Professional by the Hong Kong Chartered Governance Institute since March 2025.

Mr. Li obtained a bachelor's degree in arts from Beijing Foreign Studies University (北京外國語大學) in July 1999 and a master of science degree in management from The University of Lancaster in October 2002.

Mr. Kang Yimin (康亦民), aged 56, has been the chief geotechnical engineer of our Company since January 2022. He is mainly responsible for geological exploration of our Group.

Mr. Kang has over 30 years of experience in the mining industry. Prior to joining our Group, Mr. Kang worked at Huludao Nonferrous Metals Group from July 1993 to February 2000, where he served as a technician and engineer of material supply workshop. He then worked as a technical director and engineer at the material supply branch factory of Huludao Nonferrous Metals Group from February 2000 to July 2006. He later took on the role of senior geological engineer and deputy general manager of the geological department at Xizang Huayi Industry and Trade Co., Ltd. (西藏華億工貿實業有限公司) from July 2006 to December 2014. Mr. Kang further served as the deputy manager and senior geological engineer at Huaxia Mining from January 2012 to December 2021. Since January 2022, he has served as a manager of the geological department and chief engineer at Huaxia Mining.

Mr. Kang was recognised as a "national non-coal mine safety production expert (全國非煤礦山安全生產專家)" in January 2023, an "expert in mineral resource reserves assessment for the Xizang Autonomous Region (西藏自治區礦產資源儲量評審專家)" in August 2024, an "expert in mineral resource reserves assessment for the Xizang Autonomous Region (西藏自治區礦產資源儲量評審專家)" in August 2024, an "expert of the Xizang Autonomous Region Science and Technology Department (西藏自治區科技廳專家)" in August 2022, an "expert of the Xizang Autonomous Region Housing and Urban-Rural Development Department Association (西藏自治區住建廳協會專家)" in June 2023, an "expert in ecological protection and restoration of land and space for the Xizang Autonomous Region (西藏自治區國土空間生態保護修復專家)" in December 2019 and a "geologist of the China Mining Association (中國礦業聯合會地質師)" in June 2022 and a "safety engineering manager (安全工程管理師)" in July 2023.

Mr. Kang received the second prize of the "Science and Technology Award from the China Geological Survey (中國地質科技獎)" in May 2019 and second prize of the "Land and Resources Science and Technology Award (國土資源科學技術獎)" in January 2020 for his breakthroughs in the mineralisation patterns and exploration of lead-zinc deposits in the eastern section of the Nyainqêntanglha mineralisation belt in Xizang. Mr. Kang holds one invention patent in relation to the method for identifying deposit types based on chlorite, three utility model patents, and one personal software copyright.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

His thesis on "In-situ U-Pb geochronology of Ti-bearing andradite as a practical tool for linking skarn alteration and Pb-Zn mineralisation: A case study of the Mengya'a deposit, Xizang", "Geology and factors controlling the formation of the newly discovered Beimulang porphyry Cu deposit in the western Gangdese, southern Xizang" and "Determining multiple fluid pulse and evolution using zoned garnet in Mengya'a skarn Pb-Zn-polymetallic deposit, Xizang" was published on Ore Geology Reviews in 2021, 2022 and 2023, respectively.

Mr. Kang obtained a bachelor's degree in applied geophysics from Guilin University of Technology (桂林理工大學, formerly known as Guilin College of Metallurgy and Geology (桂林冶金地質學院)) in July 1993 and a master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in June 2011.

COMPANY SECRETARY

Mr. Li Shun, please refer to "Biography of Senior Management".

CORPORATE INFORMATION

DIRECTORS

Executive Director

Ms. He Qian, *CPA (PRC), EMBA, BAcc*

Non-executive Directors

Ms. Fan Xiulian, *EMBA, BSc*

Mr. Lv Xijun (resigned on 30 March 2026)

Mr. Lhakpa Tsering, *BSc*

Mr. Silang Wangdui, *BSc*

Independent Non-executive Directors

Mr. Ye Hui, *CPA (PRC), BAcc*

Ms. Dong Lijun, *LL.M, LL.B*

Ms. Yang Xiaoyan, *BA, MBA*

BOARD COMMITTEES

Audit Committee

Mr. Ye Hui (*Chairman*)

Ms. Dong Lijun

Mr. Silang Wangdui

Remuneration Committee

Ms. Dong Lijun (*Chairwoman*)

Ms. He Qian

Ms. Yang Xiaoyan

Nomination Committee

Ms. Yang Xiaoyan (*Chairwoman*)

Mr. Lhakpa Tsering

Ms. Dong Lijun

Strategy Committee

Ms. Fan Xiulian (*Chairwoman*)

Mr. Lv Xijun

Ms. Yang Xiaoyan

AUTHORISED REPRESENTATIVES

Ms. He Qian

Mr. Li Shun, *FCG, FCMA, MSC, BA*

COMPANY SECRETARY

Mr. Li Shun

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

REGISTERED OFFICE, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 2 Tongzhan West Road

Serni District

Nagqu City

Xizang Autonomous Region

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 903A-905, 9/F, 8 Observatory Road

Tsim Sha Tsui

Kowloon

Hong Kong

REPORTING ACCOUNTANT AND INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

35/F, One Pacific Place

88 Queensway

Hong Kong

CORPORATE INFORMATION

LEGAL ADVISERS

as to Hong Kong laws:

Ashurst Hong Kong

43/F, Jardine House
1 Connaught Place
Central
Hong Kong

as to PRC laws:

Deheng Law Offices

12/F Tower B
Focus Place
19 Finance Street
West District
Beijing
PRC

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited,

Lhasa Economic and Technological Development
Zone Branch
No. 31 Jinzhu Middle Road
Lhasa
Xizang
PRC

Bank of Xizang, Nagqu Branch

No. 38 Zhejiang Middle Road
Nagqu
Xizang
PRC

STOCK CODE

2546

WEBSITE

www.zhihuiminig.com

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF XIZANG ZHIHUI MINING CO., LTD. (西藏智匯礦業股份有限公司)
(a joint stock company established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of 西藏智匯礦業股份有限公司(Xizang Zhihui Mining Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 92 to 145, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional 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 matter	How our audit addressed the key audit matter
Revenue Recognition <p>The Group is principally engaged in exploration, mining, production and sales of nonferrous metal concentrates, which include zinc, lead and copper. Revenue is generated from the sales of zinc, lead and copper concentrates, which are recognised at point in time when control of the nonferrous metal concentrates have transferred to the customers.</p> <p>We identified revenue recognition as a key audit matter because revenue is a key performance indicator and one of the profit drivers for the Group, and there is an inherent risk that management may manipulate revenue recognition to achieve specific targets or expectations. Furthermore, the amount is material to the consolidated financial statements as a whole.</p> <p>For the year ended 31 December 2025, the Group recognised the revenue of sale of nonferrous metal concentrates amounted to RMB616,014,000, the details of which are included in Note 5 to the consolidated financial statements.</p>	<p>Our procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none">• Understanding the terms and arrangements of the sales contracts with the customers and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;• Understanding the key controls related to revenue recognition for sale of nonferrous metal concentrates and evaluating the design, implementation and operating effectiveness of these controls;• Performing analytical procedures on the Group's revenue by comparing sales prices with market prices, and by comparing sales volume with production volume;• Testing the occurrence of revenue on a sampling basis, by tracing to the supporting documents i.e. delivery receipt records and sales settlement records; and• Performing confirmation procedures for major customers during the year to verify the authenticity of the revenue recognised for sale of nonferrous metal concentrates.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Those Charged with Governance 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 as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is YUEN Chung Leung, Stephen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	616,014	301,434
Cost of sales		(391,958)	(196,942)
Gross profit		224,056	104,492
Selling and distribution expenses		(529)	(452)
General, administrative and other expenses		(43,404)	(47,556)
Exploration and evaluation expenses		(7,511)	–
Other income	6	4,354	9,269
Other gains and losses, net	7	(1,628)	472
Finance costs	8	(3,073)	(2,922)
Listing expenses		(4,163)	(443)
Profit before tax		168,102	62,860
Income tax expense	9	(18,061)	(7,006)
Profit and total comprehensive income for the year attributable to owners of the Company	10	150,041	55,854
Earnings per share (in RMB)	13		
Basic		0.41	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	739,291	620,692
Right-of-use assets	15	83,601	61,504
Intangible assets	16	388,247	316,673
Exploration and evaluation assets	17	7,496	150,113
Other receivables and prepayments	20	1,155	73
Time deposits	23	—	20,000
Restricted time deposits	23	—	30,000
Deferred tax assets	18	7,128	8,437
		1,226,918	1,207,492
CURRENT ASSETS			
Inventories	19	97,164	60,691
Other receivables and prepayments	20	21,357	23,292
Financial assets at fair value through profit or loss ("FVTPL")	22	100,000	—
Prepaid income tax		—	1,198
Time deposits	23	20,000	20,000
Bank balances	23	587,624	142,222
		826,145	247,403
CURRENT LIABILITIES			
Bank borrowings	24	37,912	64,675
Amounts due to related parties	21	—	3
Trade and other payables	25	227,234	209,750
Contract liabilities	26	—	25,361
Lease liabilities	27	371	73
Provisions	28	753	1,317
Tax payable		26,915	25,374
		293,185	326,553
NET CURRENT ASSETS (LIABILITIES)		532,960	(79,150)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,759,878	1,128,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	18	49,387	51,271
Other non-current payables	25	20,456	34,587
Lease liabilities	27	61	31
Bank borrowings	24	50,000	—
Provisions	28	6,668	8,352
		126,572	94,241
NET ASSETS		1,633,306	1,034,101
EQUITY AND RESERVES			
Share capital	29	487,806	365,854
Reserves		1,145,500	668,247
TOTAL EQUITY		1,633,306	1,034,101

The consolidated financial statements on pages 92 to 145 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Ms. He Qian
Director

Ms. Fan Xiulian
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	360,000	202,448	25,212	16,682	353,330	957,672
Profit and total comprehensive income for the year	–	–	–	–	55,854	55,854
Issue of new shares (Note 29)	5,854	14,721	–	–	–	20,575
Transfer to statutory reserve	–	–	3,189	–	(3,189)	–
Transfer from special reserve	–	–	–	(2,223)	2,223	–
As at 31 December 2024	365,854	217,169	28,401	14,459	408,218	1,034,101
Profit and total comprehensive income for the year	–	–	–	–	150,041	150,041
Issue of new shares upon initial public offering (the "IPO")	121,952	376,791	–	–	–	498,743
Transaction costs attributable to issue of new shares	–	(49,579)	–	–	–	(49,579)
Transfer to statutory reserve	–	–	5,703	–	(5,703)	–
Transfer from special reserve	–	–	–	(2,824)	2,824	–
As at 31 December 2025	487,806	544,381	34,104	11,635	555,380	1,633,306

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	168,102	62,860
Adjustments for:		
Finance costs	3,073	2,922
Interest income	(1,015)	(1,646)
Depreciation and amortisation	67,200	44,631
Gain on disposal of property, plant and equipment, net	(9)	(23)
Gain on termination of lease	–	(4)
Gain on fair value changes of financial assets at FVTPL	(1,120)	(315)
Net foreign exchange losses	2,437	40
Operating cash flows before movements in working capital	238,668	108,465
Increase in inventories	(36,473)	(5,046)
Increase in other receivables and prepayments	(2,282)	(8,809)
(Decrease) increase in trade and other payables	(12,625)	46,682
(Decrease) increase in contract liabilities	(25,361)	21,228
Cash generated from operations	161,927	162,520
Income tax paid	(15,897)	(9,004)
Net cash generated from operating activities	146,030	153,516
INVESTING ACTIVITIES		
Interest received	1,744	52
Purchases of property, plant and equipment	(114,340)	(105,860)
Purchases of intangible assets	(409)	–
Purchases of exploration and evaluation assets	(829)	(3,418)
Payments for right-of-use assets for leasehold lands	(14,132)	(23,396)
Proceeds from disposal of property, plant and equipment	27	28
Repayments of advances to related parties	–	504
Placements of time deposits	–	(20,000)
Withdrawal of time deposits	20,000	–
Payments for acquisition of financial assets at FVTPL	(864,000)	(140,000)
Proceeds from disposal of financial assets at FVTPL	765,120	171,095
Withdrawal of restricted time deposits	30,000	–
Net cash used in investing activities	(176,819)	(120,995)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
FINANCING ACTIVITIES		
New bank borrowings raised	132,211	94,675
Repayments of bank borrowings	(108,974)	(33,000)
Interest paid	(1,115)	(514)
Repayments of lease liabilities	(311)	(466)
Repayment to related parties	(3)	–
Proceeds from issue of new shares	498,743	20,575
Payment for share issue costs	(42,763)	(2,377)
Net cash generated from financing activities	477,788	78,893
Net increase in cash and cash equivalents	446,999	111,414
Cash and cash equivalent at beginning of the year	142,222	30,808
Effect of foreign exchange rate changes	(1,597)	–
Cash and cash equivalents at end of the year, represented by bank balances	587,624	142,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Xizang Zhihui Mining Co., Ltd. (the “Company”) was established in the PRC on 28 November 2013 and was converted into a joint stock company with limited liability on 18 December 2020 under the Company Law of the PRC. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 19 December 2025. The ultimate holding company of the Company is Xizang Zhifeng Industrial Co., Ltd (西藏智峰實業有限公司, “Xizang Zhifeng”, a limited liability company established in the PRC) which is held by Ms. Fan Xiulian (“Ms. Fan”), Ms. He Qian (“Ms. He”) and Mr. Lv Xijun (“Mr. Lv”), who have been acting in concert and are considered as ultimate controlling party of the Company. The addresses of the registered office, head office and the principal place of business of the Company is Building 2, No. 2 Tongzhan West Road, Serni District, Nagqu, Xizang, PRC.

The Company, together with its subsidiaries (collectively, the “Group”), is principally engaged in the exploration, mining, production and sales of nonferrous metal concentrates, which include lead, zinc and copper in the PRC. The information of the subsidiaries of the Company is set out in Note 36.

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

2. APPLICATION OF NEW AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the IASB for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

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

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

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

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

Investments in subsidiaries

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

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

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" 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

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments.

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

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

Lease modifications

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

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

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

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

Borrowing costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Government grants

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting 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 each reporting period.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Exploration and evaluation assets

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

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

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

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

Mining rights

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

Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Provisions

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

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

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

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) *Significant increase in credit risk* (Continued)

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;
- 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

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (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 and Write-off policy*

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

(iv) *Measurement and recognition of ECL*

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Key sources of estimation uncertainties

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

Technical estimates of the Group's ore reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated ore reserves can be designated as "proved" and "probable". Proved and probable ore reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable ore reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining the depreciation of mine structure in the property, plant and equipment and amortisation for mining rights in the intangible assets. Details of these property, plant and equipment and mining rights are disclosed in Note 14 and Note 16, respectively.

Provisions for environmental rehabilitation and restoration costs

The estimation of provisions for environmental rehabilitation and restoration costs involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of environmental rehabilitation and restoration obligation to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of retirement activities), the revisions to the obligation will be recognised at the appropriate discount rate. Details of the provisions for environmental rehabilitation and restoration costs are disclosed in Note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Type of revenue - sales of nonferrous metal concentrates</i>		
- Zinc concentrates	307,955	215,811
- Lead concentrates	246,357	71,512
- Copper concentrates	61,702	14,111
	616,014	301,434
<i>Timing of revenue recognition</i>		
- At point in time	616,014	301,434

Performance obligations for contracts with customers and revenue recognition policies

Sales of nonferrous metal concentrates

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

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

Geographical information

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

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

Information about major customers

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
- Customer A	111,882	94,062
- Customer B	*	62,719
- Customer C	221,039	62,481

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants (Note)	2,717	7,622
Interest income	1,015	1,646
Sales of scrap materials	622	1
Total	4,354	9,269

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Gain on fair value changes of financial assets at FVTPL	1,120	315
Net foreign exchange losses	(2,437)	(40)
Gain on termination of lease	–	4
Gain on disposal of property, plant and equipment, net	9	23
Others	(320)	170
Total	(1,628)	472

8. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest expense on:		
– bank borrowings	1,108	510
– lease liabilities	7	4
– provisions for unwinding of discount (Note 28)	284	397
– extended mining rights fees payable (Note 25)	1,674	2,011
Total	3,073	2,922

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current tax	18,636	5,634
Deferred tax (Note 18)	(575)	1,372
Total	18,061	7,006

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (Continued)

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

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong Dollar ("HK\$") 2 million of profits of Zhihui Mining (Hong Kong) Limited will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The taxation 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:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before tax	168,102	62,860
Tax at the PRC EIT rate of 25%	42,026	15,715
Income tax at concessionary rate	(24,498)	(9,095)
Tax effect of expenses not deductible for tax purposes	391	288
Tax effect of tax losses not recognised	142	98
Income tax expense	18,061	7,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation and amortisation on:		
– property, plant and equipment	47,797	34,622
– right-of-use assets	2,491	2,112
– intangible assets	18,640	9,617
Total depreciation and amortisation	68,928	46,351
Less: capitalised in construction in progress	(1,728)	(1,720)
	67,200	44,631
Staff costs:		
Directors' remuneration (Note 11)	3,093	2,489
Other staff costs:		
Salaries, wages, bonuses and allowances	57,413	45,898
Retirement benefits	3,479	3,193
Total staff costs	63,985	51,580
Less: capitalised in exploration and evaluation assets	–	(1,910)
Less: capitalised in inventories	(38,821)	(28,439)
	25,164	21,231
Subcontracting expenses	145,190	48,440
Less: capitalised in property, plant and equipment	(27,687)	(14,704)
Less: capitalised in inventories	(116,854)	(33,504)
	649	232
Listing expenses	4,163	443
Transportation expenses	40,013	16,883
Cost of inventories sold	329,691	167,731
Auditors' remuneration	1,100	833
Donations (Note)	10,076	10,128

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

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

Year ended 31 December 2025

	Directors' fee RMB'000	Salaries and allowances RMB'000	Performance- based bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive director:					
Ms. He (Note)	–	1,700	900	43	2,643
Non-executive directors:					
Ms. Fan	–	–	–	–	–
Mr. Lv (resigned on 30 March 2026)	–	–	–	–	–
Mr. Lhakpa Tsering	–	–	–	–	–
Mr. Silang Wangdui	–	–	–	–	–
Independent non-executive directors:					
Mr. Ye Hui	150	–	–	–	150
Ms. Yang Xiaoyan	150	–	–	–	150
Ms. Dong Lijun	150	–	–	–	150
	450	1,700	900	43	3,093

Year ended 31 December 2024

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' emoluments (Continued)

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

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

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

There was no arrangement under which a director waived or agreed to waive any remuneration during both years.

Five individuals with the highest emoluments

The five highest paid individuals of the Group during the year included one (2024:one) director, whose emoluments are included in the disclosures above. The emoluments for the year of the remaining four (2024:four) highest paid employees are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and allowance	4,572	4,155
Performance-based bonuses	2,000	695
Retirement benefits	54	51
	<u>6,626</u>	<u>4,901</u>

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

Emolument bands	Number of employees	
	Year ended 31 December	
	2025	2024
Nil to HK\$ 1,000,000	2	3
HK\$2,000,001 to HK\$2,500,000	1	—
HK\$3,000,001 to HK\$3,500,000	1	1

For both years, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the five highest paid individuals waived or agreed to waive any remuneration during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025 and 2024.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of approximately RMB0.102 per ordinary share, in an aggregate amount of RMB50,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

13. EARNINGS PER SHARE

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

	Year ended 31 December	
	2025	2024
Earnings for the year		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (RMB'000)	<u>150,041</u>	<u>55,854</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	<u>370,197</u>	<u>362,095</u>

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structure RMB'000	Mine structure RMB'000	Mine site infrastructure RMB'000	Office equipment, electronic and other devices RMB'000	Transportation vehicles RMB'000	Machinery and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2024	222,083	253,618	142,063	3,585	5,250	47,007	295,826	969,432
Additions	–	–	–	5	–	275	87,652	87,932
Disposals	–	–	–	–	(100)	–	–	(100)
At 31 December 2024	222,083	253,618	142,063	3,590	5,150	47,282	383,478	1,057,264
Additions	–	–	3,345	55	4,504	2,667	104,734	115,305
Transfer	–	140,233	10,783	3,679	386	248	(155,329)	–
Transfer from exploration and evaluation assets (Note 17)	–	53,641	–	–	–	–	–	53,641
Effect on revision of environmental rehabilitation and restoration plan (Note 28)	–	(2,532)	–	–	–	–	–	(2,532)
Disposals	–	–	–	–	(465)	–	–	(465)
At 31 December 2025	222,083	444,960	156,191	7,324	9,575	50,197	332,883	1,223,213
ACCUMULATED DEPRECIATION								
At 1 January 2024	81,193	183,585	93,405	2,785	2,424	38,653	–	402,045
Charge for the year	8,741	13,433	10,120	200	784	1,344	–	34,622
Disposals	–	–	–	–	(95)	–	–	(95)
At 31 December 2024	89,934	197,018	103,525	2,985	3,113	39,997	–	436,572
Charge for the year	8,733	25,628	10,523	586	1,018	1,309	–	47,797
Disposals	–	–	–	–	(447)	–	–	(447)
At 31 December 2025	98,667	222,646	114,048	3,571	3,684	41,306	–	483,922
CARRYING AMOUNT								
At 31 December 2025	123,416	222,314	42,143	3,753	5,891	8,891	332,883	739,291
At 31 December 2024	132,149	56,600	38,538	605	2,037	7,285	383,478	620,692

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

As at 31 December 2025 and 2024, the Group pledged certain owned properties to secure certain bank facilities of the Group. Details of which are set out in Note 24.

As at 31 December 2025, the Group is in the process of obtaining property certificates related to certain buildings and mine site infrastructures with a carrying amount of RMB15,873,000 (2024: RMB11,312,000). The directors of the Company are of the opinion that the Group is entitled to occupy or use these properties in accordance with the relevant property purchase agreements during both years.

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Vehicles and machineries RMB'000	Buildings RMB'000	Total RMB'000
CARRYING AMOUNT				
At 31 December 2025	82,899	167	535	83,601
At 31 December 2024	61,112	312	80	61,504
For the year ended 31 December 2025				
Depreciation charge	2,162	145	184	2,491
Capitalised in construction in progress	(1,728)	–	–	(1,728)
	434	145	184	763
For the year ended 31 December 2024				
Depreciation charge	1,966	96	50	2,112
Capitalised in construction in progress	(1,720)	–	–	(1,720)
	246	96	50	392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. RIGHT-OF-USE ASSETS (Continued)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	4,641	3,164
Total cash outflow for leases	19,091	27,030
Additions to right-of-use assets		
- Leasehold lands	23,949	—
- Leased buildings and vehicles	639	195

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

During the year ended 31 December 2025, the Group purchased a leasehold land in the PRC with a remaining lease term of 30 years for construction on mine structure.

As at 31 December 2025, the Group has obtained the land use right certificates of all leasehold lands except for certain leasehold lands with a carrying amount of RMB71,767,000 (2024:RMB49,734,000) in respect of which the Group is in the process of obtaining.

The Group regularly entered into short-term leases for machineries and properties. 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.

As at 31 December 2025, the Group pledged certain leasehold lands to secure certain bank borrowings of the Group. Details of which are set out in Note 24.

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

Leasehold lands	30 - 50 years
Vehicles and machineries	2 - 3 years
Buildings	5 years

Restrictions or covenants on leases

In addition, lease liabilities of RMB432,000 and RMB104,000 are recognised with related right-of-use assets of RMB702,000 and RMB392,000 as at 31 December 2025 and 2024, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INTANGIBLE ASSETS

	Mining rights RMB'000	Software and others RMB'000	Total RMB'000
COST			
At 1 January 2024 and 31 December 2024	515,719	755	516,474
Additions	—	409	409
Transfer from exploration and evaluation assets (Note 17)	89,805	—	89,805
At 31 December 2025	605,524	1,164	606,688
ACCUMULATED AMORTISATION			
At 1 January 2024	189,879	305	190,184
Charge for the year	9,550	67	9,617
At 31 December 2024	199,429	372	199,801
Charge for the year	18,538	102	18,640
At 31 December 2025	217,967	474	218,441
CARRYING AMOUNT			
At 31 December 2025	387,557	690	388,247
At 31 December 2024	316,290	383	316,673

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

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

As at 31 December 2024, the Group pledged certain owned mining rights to secure its bank facilities. Details of which are set out in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2024	146,695
Additions	3,418
At 31 December 2024	150,113
Additions	829
Transfer to mining rights (Note 16)	(89,805)
Transfer to property, plant and equipment (Note 14)	(53,641)
At 31 December 2025	7,496

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

As at 31 December 2025, the Group pledged certain owned exploration licence to secure its bank facilities. Details of which are set out in Note 24.

18. 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 of the Group for financial reporting purposes:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deferred tax assets	7,128	8,437
Deferred tax liabilities	(49,387)	(51,271)
	(42,259)	(42,834)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. DEFERRED TAXATION (Continued)

The followings are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 31 2025 and 2024:

	Fair value adjustment arising from acquisition of Huaxia Mining RMB'000	Unpaid mining right granting fees RMB'000	Provisions for environmental rehabilitation and restoration costs RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	(52,689)	9,088	1,391	(47)	52	743	(41,462)
Credit (charge) to profit or loss	1,591	(2,327)	59	(7)	(43)	(645)	(1,372)
At 31 December 2024	(51,098)	6,761	1,450	(54)	9	98	(42,834)
Credit (charge) to profit or loss	1,725	(1,033)	(337)	(19)	30	209	575
At 31 December 2025	(49,373)	5,728	1,113	(73)	39	307	(42,259)

As at 31 December 2025, the Group had unused tax losses of RMB2,870,000 (2024: RMB2,668,000) under PRC EIT available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses of the Group with expiry dates as disclosed in the following table.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
2025	—	366
2026	601	601
2027	675	675
2028	636	636
2029	390	390
2030	568	—
	2,870	2,668

19. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Consumables	19,100	15,568
Work in process	77,906	44,905
Finished goods	158	218
	97,164	60,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Prepayments to suppliers	6,723	16,932
Prepayments for property, plant and equipment	1,074	73
Rental deposits	81	—
Value-added tax recoverable	12,913	630
Deferred issue costs	—	3,407
Interest receivables	1,359	2,088
Other receivables	362	235
	22,512	23,365
Less: Prepayments for property, plant and equipment and rental deposits classified as non-current assets	(1,155)	(73)
Amount classified as current assets	21,357	23,292

The Group does not hold any collateral over deposits and other receivables. Details of the impairment assessment of deposits and other receivables are set out in Note 34.

21. AMOUNTS DUE TO RELATED PARTIES

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance as at 31 December 2025 represents London gold linked RMB-denominated structured deposit issued by CITIC Bank Co., Ltd., which is an independent third party, subscribed by the Group. The principal amounts subscribed of RMB100,000,000 and basic interest return of 1% are guaranteed. The additional floating interest return of 0% to 1% depends on the performance of the underlying financial investments and the change in exchange rate. The investment is under a term of 90 days with maturity date on 30 March 2026, The Group has no right of early termination or redemption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. RESTRICTED TIME DEPOSITS, TIME DEPOSITS, BANK BALANCES

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

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

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

	As at 31 December	
	2025	2024
Time deposits	2.90%	2.00%-2.90%
Restricted time deposits	N/A	2.90%
Bank balances	0.05%	0.10%

Details of the impairment assessment of restricted time deposits, time deposits and bank balances are set out in Note 34.

24. BANK BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank borrowings:		
- Secured and unguaranteed	33,000	40,000
- Secured and guaranteed (Note)	24,912	21,675
- Unsecured and unguaranteed	30,000	3,000
	87,912	64,675
Less: amount classified as current liabilities	(37,912)	(64,675)
Amount classified as non-current liabilities	50,000	—

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
The carrying amounts of the borrowings are repayable:		
Within one year	37,912	64,675
Within a period of more than one year but not exceeding two years	15,000	—
Within a period of more than two years but not exceeding five years	35,000	—
	87,912	64,675

Note: As at 31 December 2025, the bank borrowings of RMB24,912,000 were secured by the exploration licence and guaranteed by Huaxia Mining. As at 31 December 2024, the bank borrowings of RMB21,675,000 were secured by the mining rights and guaranteed by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. BANK BORROWINGS (Continued)

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment (Note 14)	70,895	6,802
Leasehold lands in right-of-use assets (Note 15)	10,525	–
Mining rights (Note 16)	–	316,290
Exploration licence (Note 17)	7,496	–
Restricted time deposits (Note 23)	–	30,000
	88,916	353,092

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

	As at 31 December	
	2025	2024
Effective interest rate per annum:		
– Fixed-rate borrowings	1.25%-3.00%	1.10%-1.45%

25. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	65,998	17,775
Salaries and wages payables	9,099	6,350
Payable for acquisition of property, plant and equipment	94,886	94,648
Mining rights granting fees payable (Note (a))	38,186	45,071
Payable for acquisition of right-of-use assets for leasehold land	9,817	–
Other tax payables	2,255	3,625
Deposits from suppliers	6,695	6,386
Accrued listing expenses	1,392	–
Accrued shares issue costs	5,319	1,070
Refundable receipts (Note (b))	13,910	69,348
Others	133	64
	181,692	226,562
	247,690	244,337
Less: Mining rights granting fees payable classified as non-current liabilities (Note(a))	(20,456)	(34,587)
Amount classified as current liabilities	227,234	209,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. TRADE AND OTHER PAYABLES (Continued)

Notes:

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

(b) The amounts are received from customers for purchases of the Group's products and are refundable.

The credit period granted by suppliers ranges from 15 to 60 days.

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 30 days	22,699	15,366
31 - 60 days	30,142	70
61 - 90 days	10,302	—
Over 90 days	2,855	2,339
	65,998	17,775

26. CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of nonferrous metal concentrates	—	25,361

As at 1 January 2024, contract liabilities amounted to approximately RMB4,133,000.

Contract liabilities represent the full payments in advance by customers in respect of contracts for sales of nonferrous metal concentrates contracts and relevant contract liabilities are recognised as revenue when the control over the goods were transferred to the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CONTRACT LIABILITIES (Continued)

The following table shows how much of the revenue recognised that was included in the contract liabilities balances at the beginning of the respective year:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Advance from customers	25,361	4,133

27. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
- Within one year	371	73
- Within a period of more than one year but not more than two years	38	-
- Within a period of more than two years but less than five years	23	31
	432	104
Less: Amount due for settlement within 12 months shown under current liabilities	(371)	(73)
Amount due for settlement after 12 months shown under non-current liabilities	61	31

The weighted average incremental borrowing rates applied to lease liabilities range from 3.50% to 4.20% (2024: 3.85% to 4.60%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. PROVISIONS

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
At 1 January	9,669	9,272
Effect on revision of environmental rehabilitation and restoration plan (Note 14)	(2,532)	–
Unwinding of discount (Note 8)	284	397
	<hr/>	<hr/>
At 31 December	7,421	9,669
Less: Amount classified as current liabilities	(753)	(1,317)
	<hr/>	<hr/>
Amount classified as non-current liabilities	6,668	8,352

29. SHARE CAPITAL

	Number	Share
	of shares	capital
	000	RMB'000
Ordinary shares of RMB1 each		
Registered:		
At 1 January 2024	360,000	360,000
Issue of new shares (Note (a))	5,854	5,854
	<hr/>	<hr/>
At 31 December 2024	365,854	365,854
Issue of new shares upon the IPO (Note (b))	121,952	121,952
	<hr/>	<hr/>
At 31 December 2025	487,806	487,806
Issued and fully paid:		
At 1 January 2024	360,000	360,000
Issue of new shares (Note (a))	5,854	5,854
	<hr/>	<hr/>
At 31 December 2024	365,854	365,854
Issue of new shares upon the IPO (Note (b))	121,952	121,952
	<hr/>	<hr/>
At 31 December 2025	487,806	487,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. SHARE CAPITAL (Continued)

Notes:

- (a) On 6 August 2024, the Company passed a shareholders' resolution approving an increase of registered capital to RMB365,853,659 by Xizang Zhihui Enterprise Management Partnership(Limited Partnership)(西藏智輝企業管理合夥企業(有限合夥), "Zhihui Partnership", a limited partnership established under the laws of the PRC), whose partners include Ms. He (as general and executive partner) and certain senior management and employees of the Group (as limited partners), which is an employee shareholding platform controlled by Ms. He. Since Ms. He is the Chairwoman and one of the ultimate controlling parties of the Company, Zhihui Partnership is a related party of the Company. On 12 August 2024, the Company entered into a capital increase agreement with Zhihui Partnership, pursuant to which Zhihui Partnership agreed to subscribe for additional registered capital of RMB5,853,659 at a consideration of RMB20,575,278, as determined with reference to an independent valuation report and, save as aforesaid, both the Company and Zhihui Partnership have no other rights and obligations. The consideration in excess of the nominal value of the ordinary share of the Company amounting to RMB14,721,619 was credited to the capital reserve of the Company. The cash consideration was received by the Company on 23 August 2024. Since then, Zhihui Partnership also became a shareholder of the Company.
- (b) On 19 December 2025, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issuance of 121,952,000 new shares of RMB1 each issued at an offer price of HK\$4.51 (equivalent to approximately RMB4.09) per share and the total proceed was HK\$550,004,000 (equivalent to approximately RMB498,743,000).

30. RETIREMENT BENEFIT PLANS

The employees of the Company and its PRC subsidiaries are members of a state-managed defined contribution retirement scheme operated by the PRC Government. Their employees are required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce contributions payable in the future.

The total costs charged to profit or loss for the year amounting to RMB3,522,000 (2024: RMB3,232,000), representing contributions paid to the retirement benefit scheme by the Group.

31. CAPITAL COMMITMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	90,470	78,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. RELATED PARTIES DISCLOSURES

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

Remuneration of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and allowance	7,141	6,535
Performance-based bonuses	3,049	1,044
Retirement benefits	109	94
	10,299	7,673

33. CAPITAL RISK MANAGEMENT

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
At FVTPL	100,000	–
At amortised cost	609,426	214,545
Financial liabilities		
At amortised cost	317,537	297,970

(b) Financial risk management objectives and policies

The Group's financial instruments include financial assets at FVTPL, bank balances, rental deposits, interest and other receivables, restricted time deposits, time deposits, bank borrowings, trade and other payables and amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (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 of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency bank balances which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Assets		
– HK\$	474,459	–

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$ as at 31 December 2025 and 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 rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where RMB weakening 5% against the relevant currency. For a 5% strengthen of RMB against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	HK\$ impact	
	2025	2024
	RMB'000	RMB'000
Profit or loss	<u>21,588</u>	—

Interest rate risk

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

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

Other price risk

The Group is exposed to commodity price risk through its investments in financial assets measured at FVTPL. The management of the Group considers the fluctuation in fair value changes on structured deposits was insignificant, taking into account the short-term duration of such financial products.

Credit risk and impairment assessment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full.	Lifetime ECL - not credit-impaired	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	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

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

	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	Gross carrying amount As at 31 December	
					2025 RMB'000	2024 RMB'000
Financial assets at amortised cost						
Rental deposits, interest and other receivables	20	N/A	Low Risk	12m ECL (not credit-impaired)	1,802	2,323
Time deposits	23	Baa1 - Baa3	Low Risk	12m ECL (not credit-impaired)	20,000	40,000
Restricted time deposits	23	Baa1	Low Risk	12m ECL (not credit-impaired)	—	30,000
Bank balances	23	Baa1 - Baa3	Low Risk	12m ECL (not credit-impaired)	587,624	142,222
					609,426	214,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Rental deposits, interest and other receivables

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

Time deposits, restricted time deposits and bank balances

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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 table includes both interest and principal cash flows, where applicable.

	Notes	Weighted average interest rate	On demand or within 1 year RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025								
Financial liabilities								
Trade and other payables	25	Nil/4.30%	207,840	9,710	9,710	5,458	232,718	229,625
Bank borrowings	24	1.54%	38,690	15,319	36,100	–	90,109	87,912
Lease liabilities	27	3.85%	380	40	24	–	444	432
Total			246,910	25,069	45,834	5,458	323,271	317,969
As at 31 December 2024								
Financial liabilities								
Trade and other payables	25	Nil/4.30%	202,579	9,710	9,710	15,167	237,166	233,292
Amounts due to related parties	21	N/A	3	–	–	–	3	3
Bank borrowings	24	1.26%	64,918	–	–	–	64,918	64,675
Lease liabilities	27	4.24%	75	–	32	–	107	104
Total			267,575	9,710	9,742	15,167	302,194	298,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

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

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

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

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)
	2025 RMB'000	2024 RMB'000		
Structured deposits classified as financial assets at FVTPL	100,000	—	Level 2	Quoted value provided by financial institution

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. 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.

	Lease liabilities RMB'000	Accrued shares issued costs RMB'000	Bank borrowings RMB'000	Amounts due to related parties RMB'000	Total RMB'000
At 1 January 2024	413	—	3,000	3	3,416
Financing cash flows	(470)	(2,377)	61,165	—	58,318
Interest recognised	4	—	510	—	514
New lease entered	195	—	—	—	195
Issue costs accrued	—	3,407	—	—	3,407
Net foreign exchange loss	—	40	—	—	40
Lease termination	(38)	—	—	—	(38)
At 31 December 2024	104	1,070	64,675	3	65,852
Financing cash flows	(318)	(42,763)	22,129	(3)	(20,955)
Interest recognised	7	—	1,108	—	1,115
New lease entered	639	—	—	—	639
Issue costs accrued	—	46,172	—	—	46,172
Net foreign exchange loss	—	840	—	—	840
At 31 December 2025	432	5,319	87,912	—	93,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at 31 December 2024 and 2025 are set out below.

Name of subsidiaries	Place of establishment/ incorporation	Issued and fully paid capital/ paid-up registered capital	Equity interest attributable to the Company		Principal activities
			As at 31 December 2025	2024	
Directly held:					
Huaxia Mining*	The PRC	RMB70,000,000	100%	100%	Mineral exploration, mining, production and sales of mineral products
Zihua Industrial*	The PRC	RMB1,000,000	100%	100%	Sales of mineral products
Zihui Mining (Hong Kong) Limited.	Hong Kong	HKD24,000,000	100%	N/A	Sales of mineral products
Indirectly held:					
Xizang Huahai Mineral Co., Ltd.* (西藏華海礦業有限公司)	The PRC	RMB1,000,000	100%	100%	Exploration, production and sales of mineral products
Xizang Huazhong Industrial Co., Ltd.* (西藏華眾實業有限公司)	The PRC	RMB10,000,000	100%	100%	Sales of mineral products

* These entities were established in the PRC as companies with limited liability under the Company Law of the PRC. None of the subsidiaries had issued any debt securities at 31 December 2024 and 2025.

37. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2025, the Group entered into a new lease agreement for the use of an office premise for 3 years. On the lease commencement, the Group recognised a right-of-use asset and a lease liability of RMB639,000 and RMB639,000, respectively.
- (b) During the year ended 31 December 2024, the Group entered into a new lease agreement for the use of vehicles for 3 years. On the lease commencement, the Group recognised a right-of-use asset and a lease liability of RMB195,000 and RMB195,000, respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	397	42
Right-of-use assets	41	56
Intangible assets	389	31
Investments in subsidiaries	497,485	475,065
Other receivables and prepayments	47	—
Time deposits	—	20,000
Deferred tax assets	25	—
	498,384	495,194
CURRENT ASSETS		
Other receivables and prepayments	3,030	4,301
Amounts due from subsidiaries	287,276	261,579
Prepaid income tax	—	1,198
Time deposits	20,000	—
Bank balances	489,013	23,842
	799,319	290,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
CURRENT LIABILITIES		
Bank borrowings	28,912	—
Amounts due to related parties	—	2
Trade and other payables	12,842	11,572
Amounts due to subsidiaries	—	45
Contract liabilities	—	3,456
Lease liabilities	64	47
Tax payable	654	—
	42,472	15,122
NET CURRENT ASSETS	756,847	275,798
TOTAL ASSETS LESS CURRENT LIABILITIES	1,255,231	770,992
NON-CURRENT LIABILITIES		
Deferred tax liabilities	—	68
Lease liabilities	16	31
Bank borrowings	26,000	—
	26,016	99
NET ASSETS	1,229,215	770,893
EQUITY AND RESERVES		
Share capital	487,806	365,854
Reserves	741,409	405,039
TOTAL EQUITY	1,229,215	770,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	315,251	14,131	57,807	387,189
Profit and total comprehensive income for the year	–	–	3,129	3,129
Issue of new shares	14,721	–	–	14,721
Transfer to statutory reserve	–	313	(313)	–
As at 31 December 2024	329,972	14,444	60,623	405,039
Profit and total comprehensive income for the year	–	–	9,158	9,158
Issue of new shares upon the IPO	376,791	–	–	376,791
Transaction costs attributable to issue of new shares	(49,579)	–	–	(49,579)
Transfer to statutory reserve	–	916	(916)	–
As at 31 December 2025	657,184	15,360	68,865	741,409

39. EVENTS AFTER REPORTING PERIOD

On 30 March 2026, the Group entered into an agreement (the "Agreement") with Mr. Yang Chuanshun ("Vendor"), the majority shareholder of Xizang Dachuan Mining Co., Ltd. (the "Target Company"), and Mr. Yang Laiyi, the son of the Vendor and a 40% equity holder in the Target Company. Both parties are independent third parties to the Group. Pursuant to the Agreement, the Company (as purchaser) has conditionally agreed to acquire 60% of the equity interest in the Target Company from the Vendor for a total cash consideration of RMB90,000,000, it is expected that the Company will utilise the funds from the proceeds raised from the IPO aligning with the use of proceeds set out in the prospectus.

The Group determined that substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset and concluded that the acquired set of assets and liabilities do not constitute a business and the transaction is accounted for as an asset acquisition. Further details of the transaction are disclosed in the Company's announcement dated 30 March 2026.

DEFINITIONS

"AFRC"	Accounting and Financial Reporting Council
"AIC Confirmation"	an acting-in-concert confirmation agreement entered into among Ms. Fan, Mr. Lv and Ms. He on 26 September 2024 in relation to their acting in concert arrangement
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"CAGR"	compound annual growth rate
"China" or the "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Xizang Zhihui Mining Co., Ltd.* (西藏智匯礦業股份有限公司), a limited liability company established in the PRC on 28 November 2013 which was converted into a joint stock limited company on 18 December 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Xizang Zhifeng, Xizang Shengyuan, Zhihui Partnership, Ms. Fan, Mr. Lv and Ms. He
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules

DEFINITIONS

"Director(s)"	director(s) of our Company
"Domestic Shares"	domestic shares in the ordinary share capital of our Company, with a par value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"General Manager"	the general manager of our Company
"Group", "our Group", "our", "we", or "us"	our Company and all of its subsidiaries, or any one of them as the context may require
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK\$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Huahai Mineral"	Xizang Huahai Mineral Co., Ltd. (西藏華海礦業有限公司), a limited liability company established in the PRC on 10 July 2019 and an indirect wholly-owned subsidiary of our Company
"Huaxia Mining"	Xizang Huaxia Mining Co., Ltd. (西藏華夏礦業有限公司), a limited liability company established in the PRC on 10 May 2004 and a direct wholly-owned subsidiary of our Company
"Huazhong Industrial"	Xizang Huazhong Industrial Co., Ltd. (西藏華眾實業有限公司), a limited liability company established in the PRC on 17 December 2019 and an indirect wholly-owned subsidiary of our Company
"IFRS"	IFRS Accounting Standards
"JORC Code"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012

DEFINITIONS

"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Lv"	Mr. Lv Xijun (呂喜軍), our non-executive Director and one of our Controlling Shareholders
"Ms. Fan"	Ms. Fan Xiulian (范秀蓮), our founder, non-executive Director and one of our Controlling Shareholders
"Ms. He"	Ms. He Qian (何前), our chairwoman of the Board, executive Director and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Board
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisers"	Deheng Law Offices
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Domestic Shares and H Shares

DEFINITIONS

"Shareholder(s)"	holder(s) of the Share(s)
"Strategy Committee"	the strategy committee of our Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buybacks published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three financial years ended 31 December 2022, 2023, 2024 and the seven months ended 31 July 2025
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US\$" or "USD"	United States dollars, the lawful currency of the United States
"Xizang" or "Xizang Autonomous Region"	Xizang Autonomous Region of the PRC
"Xizang SASAC"	the State-owned Assets Supervision and Administration Commission of Xizang Autonomous Region (西藏自治區國有資產監督管理委員會)
"Xizang Shengyuan"	Xizang Shengyuan Mineral Group Co., Ltd. (西藏盛源礦業集團有限公司), a limited liability company established in the PRC on 14 December 2009 and one of our Controlling Shareholders
"Xizang Zhifeng"	Xizang Zhifeng Industrial Co., Ltd (西藏智峰實業有限公司), a limited liability company established in the PRC on 1 August 2018 and one of our Controlling Shareholders
"Zhihua Industrial"	Xizang Zhihua Industrial Co., Ltd. (西藏智華實業有限公司), a limited liability company established in the PRC on 11 September 2019 and a direct wholly-owned subsidiary of our Company
"Zhihui Mining (Hong Kong)"	Zhihui Mining (Hong Kong) Limited (智匯礦業(香港)有限公司), a limited company incorporated in Hong Kong on 6 January 2025 and a direct wholly-owned subsidiary of our Company

DEFINITIONS

"Zihui Partnership"

Xizang Zihui Enterprise Management Partnership (Limited Partnership) (西藏智輝企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 14 August 2024 with Ms. He being its executive partner, our employee shareholding platform and one of our Controlling Shareholders

"%"

per cent