



China Risun Group Limited
中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1907

2025
Annual Report



The World's Leading Energy Chemical Company
—— **Innovation Leads to the Future**

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COMPANY NAME

China Risun Group Limited

STOCK CODE

1907

REGISTERED OFFICE

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

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255 Gloucester Road
Causeway Bay
Hong Kong

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Fengtai District
Beijing, PRC 100070

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CONTACT INFORMATION

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COMPANY WEBSITE

<http://www.risun.com>

AUTHORISED REPRESENTATIVES

Mr. Han Qinliang

Mr. Ho Pui Lam Joseph

COMPANY SECRETARY

Mr. Ho Pui Lam Joseph (*FCPA FCG HKFCG*)

COMPANY DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Yang Xuegang (*Chairman & Chief Executive Officer*)

Ms. Lu Xiaomei

Mr. Li Qinghua

Mr. Han Qinliang

Mr. Wang Nianping

Mr. Yang Lu

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Yu Kwok Kuen Harry

Mr. Wang Yinping

Dr. Liu Xiaofeng

CORPORATE INFORMATION

AUDIT COMMITTEE

Dr. Yu Kwok Kuen Harry (*Chairman*)
Mr. Wang Yinping
Dr. Liu Xiaofeng

REMUNERATION COMMITTEE

Mr. Wang Yinping (*Chairman*)
Dr. Yu Kwok Kuen Harry
Mr. Li Qinghua

NOMINATION COMMITTEE

Mr. Yang Xuegang (*Chairman*)
Dr. Yu Kwok Kuen Harry
Mr. Wang Yinping

SUSTAINABLE DEVELOPMENT COMMITTEE

Mr. Yang Xuegang (*Chairman*)
Mr. Han Qinliang
Mr. Wang Yinping

PRINCIPAL BANKERS

Bank of China Limited
Xingtai Branch
No. 81 Zhong Xing West Street
Xingtai, Hebei Province
PRC

BNP Paribas
Hong Kong Branch
63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China Citic Bank
Dingzhou Branch
No. 172 Xingding Road
Dingzhou, Hebei Province
PRC

China CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Construction Bank Corporation
Bohai New Area Sub-branch
Shigang Road, Bohai New Area
Gangzhou, Hebei Province
PRC

Coöperatieve Rabobank U.A.
Hong Kong Branch
13/F One Pacific Place
88 Queensway
Hong Kong

Crédit Agricole Corporate and Investment Bank
Hong Kong Branch
27/F, One Pacific Place
88 Queensway
Hong Kong

Industrial and Commercial Bank of China Limited
Xingtai Qiaodong Sub-branch
No. 220 Zhong Xing East Street
Xingtai, Hebei Province
PRC

MUFG Bank, Limited
1-4-5 Marunouchi
Chiyoda-ku
Tokyo
Japan

Nanyang Commercial Bank, Limited
Nanyang Commercial Bank Building
151 Des Voeux Road Central
Central
Hong Kong

Shanghai Pudong Development Bank
Yong Ding Road Sub-branch
No. 51 Yong Ding Road
Haidian District
Beijing
PRC

Shanghai Pudong Development Bank Co., Ltd.
Hong Kong Sub-branch
30/F, SPD Bank Tower, One Hennessy
1 Hennessy Road
Hong Kong

Societe Generale
Hong Kong Branch
Level 38, Three Pacific Place
1 Queen's Road East
Hong Kong

Sumitomo Mitsui Banking Corporation
Hong Kong Branch
8/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

The Export-Import Bank of China
Hebei Branch
Floor 9-11, Minsheng Plaza
No. 197 Yuhudong Road, Chang'an District
Shijiazhuang, Hebei Province
PRC

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS

AS TO HONG KONG LAW:

Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

AS TO PRC LAW:

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

AS TO CAYMAN ISLANDS LAW:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CAYMAN SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

Embarking on a New Chapter under the Seventh "Five-Year Plan"

On behalf of the Board of Directors of China Risun Group Limited ("**Risun**" or the "**Company**"), it is my pleasure to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended on December 31, 2025 (the "**Year**" or "**Reporting Period**").

From late 2025 to early 2026, the global landscape has undergone profound changes. A technological revolution and an energy transformation are reshaping the global competitive landscape at an unprecedented pace. Drawing on three decades of accumulated experience, and in alignment with the National Fifteenth "Five-Year Plan", we are now formulating the Seventh "Five-Year Plan" of Risun from 2026 to 2030.

This Seventh "Five-Year Plan" not only closely aligns with the overarching national development strategy, but also responds proactively to the transformational trends reshaping the coke, refined chemicals, new materials and new energy industries. By optimizing industrial layout, strengthening scientific and technological our innovation, and deepening management reforms, it will drive Risun to achieve a comprehensive upgrade from scale expansion to value creation, thereby delivering more substantial returns to our shareholders.

REVIEW

During 2025, Risun achieved total assets of RMB61,861.0 million, representing a year-on-year increase of 3.4%. Net profit for the Year reached RMB134.7 million, up by 37.8% year-on-year, while net profit attributable to the owners of the Company stood at RMB58.0 million, surging 188% year-on-year. Net cash flow from operating activities amounted to RMB3,464.9 million, a significant increase of 141.2% as compared with the previous year.

The coke segment continued to contribute stable operating cash flows, with initial success achieved in digital and intelligent transformation. The refined

chemicals segment made breakthrough progress in high value-added fields. The operation management services segment has become our third growth engine. A series of new projects in the hydrogen-energy segment has now come onstream, with application scenarios continuously expanding and enriching.

These achievements are attributable to the hard work and dedication of all Risun employees, as well as the trust and support of our shareholders. It is this trust that gives us the confidence to rise to challenges and seize opportunities on the new journey under the Seventh "Five-Year Plan", and to continue driving a deep transformation from scale expansion to value creation.

INDUSTRY POSITIONS

By spearheading the digitalization of our coke business, transforming our chemicals segment into a new materials business, cultivating operation management services as our third growth engine, and continuously advancing our hydrogen-energy business, the Group achieved the following in 2025:

- the largest independent coke producer and supplier in the world, with a market share of 2.4%;
- the second largest caprolactam producer in the world, with a market share of 7.3%;
- the second largest 2-Amino-2-methyl-1-propanol producer in the world, with a market share of 11.6%;
- the second largest high purified hydrogen producer in China, with a market share of 3.4%; and
- the largest coke-oven-gas-based methanol producer in China, with a market share of 6.1%;

INCREASED CAPITAL MARKET ACTIVITY

During the Reporting Period, the Company repurchased 80,253,000 Shares at an average price of HK\$2.45 per Share, representing approximately 1.80% of its total issued share capital of 4,454,186,000 Shares as of December 31, 2025. To safeguard the interests of Shareholders and to demonstrate its confidence in the capital market, the Company has been carrying out regular Share repurchases since 2024.

Amid fluctuations in the equity capital market and macroeconomic cycles, Risun has developed steadily, continuously optimized its business and shareholding structure, and fostered a community of shared future with its investors. The number of Shares held through the Hong Kong Stock Connect program increased to a historical high of 510 million Shares, representing 129 times the level at the time of our initial Listing in 2019, further boosting the activity of our capital market.

ADOPTION OF SHARE AWARD PLAN

During the Reporting Period, the Company implemented the Share Award Plan. Subsequently, the Company announced the grant of a total of 14.418 million Shares to 797 employees on September 1, 2025 and January 22, 2026, respectively. The Share Award Plan will help to promote the sharing of benefits between employees and management, support the realization of the Company's mission of "creating wealth and a fulfilling life" (創造財富、完美人生), and lay a solid foundation for the Company's long-term business development.

PROSPECTS

Looking ahead, we will continue to deepen operational and management reforms, reshaping the Company from an "olive-shaped" structure to a "dumbbell-shaped" one, and rapidly building out global customer, sales, logistics and supply chains, so that customers demand and service leadership becomes the primary drivers of the Group's development.

Adhering to dual assessment standards of efficiency and effectiveness, the Group will continue to flatten its organizational structure, continuously optimize headcount and enhance efficiency, improve labor productivity, and continuously transform, optimize, and strengthen its group-level management.

In its Seventh Five-Year Plan, Risun is determined to become a nationally and globally renowned industry + service group. The Group's business model, development model, operating model, organizational model, governance model, institutional mechanisms, commercial model, leadership model, and management model will each take on distinctive characteristics of their own.

Guided by the standards of service-oriented manufacturing, Risun will comprehensively, systematically and fundamentally transform its business processes, product manufacturing processes, customer service processes, and the entire sales-transportation-production-supply-research and development process system, with a view to transforming into a service-oriented manufacturing enterprise. We will not only deliver differentiated products and services, but also manage the entire supply chain and value chain. We will no longer position ourselves merely as a supplier, but as an indispensable partner to our customers.

CHAIRMAN'S STATEMENT

DIVIDEND

The Board proposes a final dividend for the Year of RMB0.19 cents per Share. Together with the interim dividend for 2025, the total dividend for the Year will be RMB0.39 cents per Share, as a token of appreciation to the Company's Shareholders. Taking into account all dividends paid since March 2019, the cumulative dividends per Share amounts to RMB0.79690 or HK\$0.91776, representing a return of 32.8% based on the offer price of HK\$2.80 per Share at the time of the initial public offering in March 2019.

APPRECIATION

In conclusion, I would like to seize this opportunity to express my heartfelt gratitude to our dedicated staff, particularly our entry-level employees, as well as to our Shareholders and business partners, including but not limited to our banks, customers, suppliers and all those who have supported us. Your unwavering support and guidance have been instrumental to Risun's success.

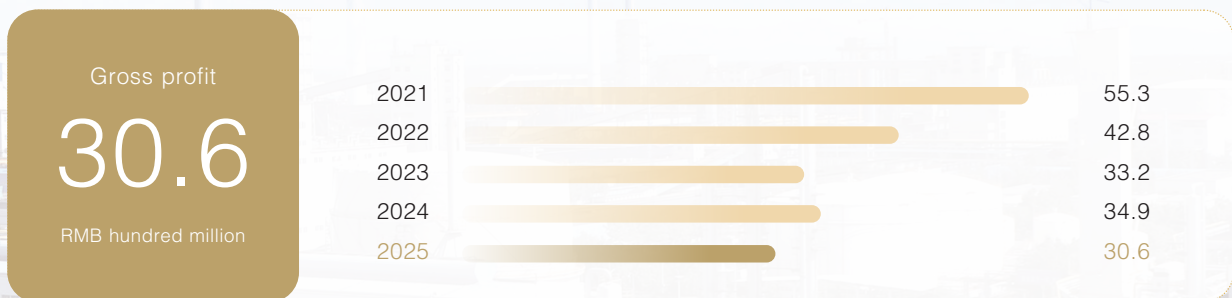
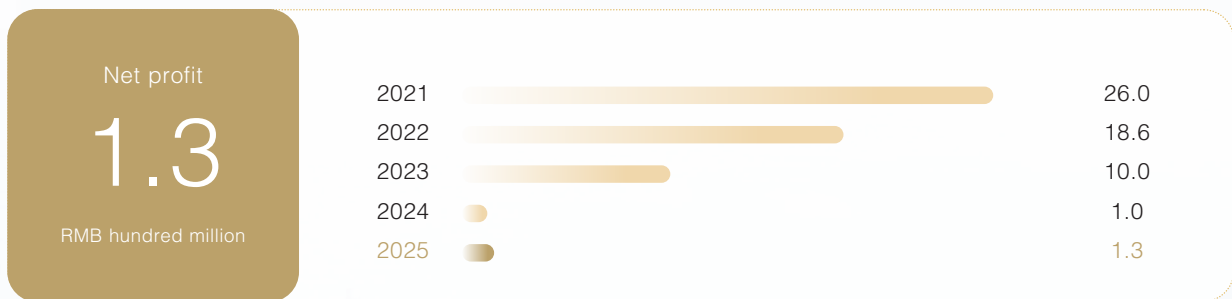
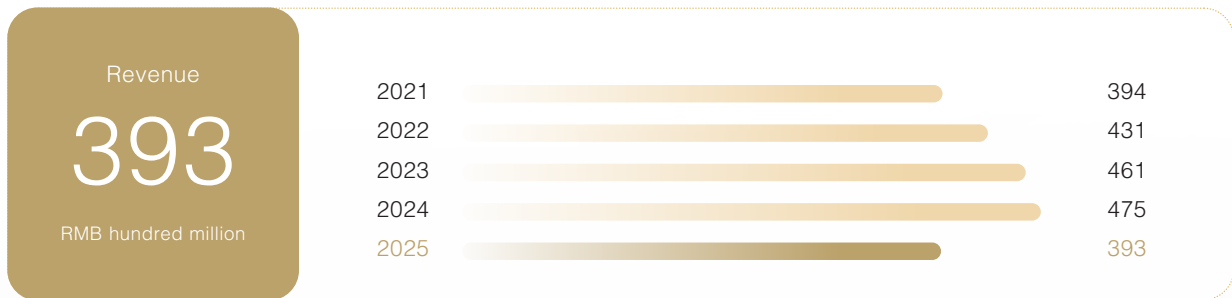
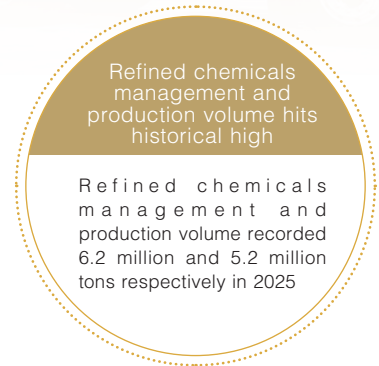
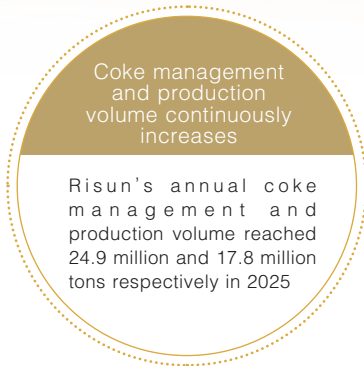
The Board and the management team eagerly anticipate building upon this foundation to achieve even greater prosperity in the years ahead, over the next three decades or beyond. We are committed to steering Risun towards a future rich in achievements and milestones, thanks to the collective efforts of everyone involved.

Yang Xuegang

Chairman

March 27, 2026



BUSINESS HIGHLIGHTS



BUSINESS HIGHLIGHTS

China Map



-  Provinces in which we had sales of our products during the Reporting Period
-  Locations of production base

Part of Indonesia



BUSINESS HIGHLIGHTS

01



Headquarters in Beijing

06



Huhhot, Inner Mongolia

02



Xingtai, Hebei

07



Yuncheng, Shandong

03



Dingzhou, Hebei

08



Dongming, Shandong

04



Cangzhou, Hebei

09



Sulawesi, Indonesia

05



Tangshan, Hebei

10



Pingxiang, Jiangxi

BUSINESS HIGHLIGHTS

Joint venture company CNC Risun Energy

Xingtai production base:

2

Coke and coking chemicals production lines

2

Alcohol-ammonia chemicals production lines

Joint venture company Risun Wei Shan

Sulawesi production base:

2

Coke and coking chemicals production line

Joint venture company Jinniu Risun Chemicals

Xingtai production base:

1

Alcohol-ammonia chemicals production line

Associated company Cabot Risun Chemicals

Xingtai production base:

2

Carbon material chemical production lines

China Risun Group Limited

7

Coke and coking chemicals production lines

8

Carbon material chemicals production lines

13

Alcohol-ammonia chemicals production lines

20

Aromatics chemicals production lines

Operating Management Services

6

Coke and coking chemicals production lines

2

Carbon material chemicals production lines

1

Alcohol-ammonia chemicals production line

2

Aromatics chemicals production lines

Production volume/processing volume of major products of the Group in 2025 (thousand tons)

Coke

Production volume



Coking crude benzene

Processing volume



Industrial naphthalene phthalic anhydride

Production volume



Coke oven gas methanol

Production volume



Coal tar

Processing volume



Caprolactam

Production volume



High purified hydrogen

Production volume



FINANCIAL HIGHLIGHTS



The following table sets out our key financial data for the periods or as of the dates indicated, extracted from the audited consolidated financial statements disclosed in our previous annual reports and this annual report.

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	2021 RMB'000 (Restated)	For the year ended December 31,				2025 RMB'000
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000	
Revenue	39,370,054	43,139,449	46,065,896	47,542,739	39,286,483	
Gross profit	5,530,618	4,275,321	3,324,950	3,489,562	3,064,280	
Profit before taxation	3,198,254	2,203,483	681,748	109,397	183,236	
Income tax (expense) credit	(601,840)	(343,992)	307,801	(11,594)	(48,550)	
Profit for the year attributable to:						
Owners of the Company	2,613,689	1,855,122	860,814	20,133	58,008	
Non-controlling interests	(17,275)	4,369	128,735	77,670	76,678	
Basic earnings per Share (RMB yuan)	0.61	0.42	0.19	0.005	0.013	



SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31,				
	2021 RMB'000 (Restated)	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Non-current assets	24,634,133	32,713,772	36,702,430	38,738,047	38,870,215
Current assets	12,147,384	13,388,852	17,133,819	21,102,895	22,990,822
Total assets	36,781,517	46,102,624	53,836,249	59,840,942	61,861,037
Current liabilities	16,840,541	25,047,079	29,955,428	33,796,018	37,198,477
Non-current liabilities	8,846,362	8,460,516	9,408,376	10,168,242	9,579,282
Total liabilities	25,686,903	33,507,595	39,363,804	43,964,260	46,777,759
<i>Net current liabilities</i>	(4,693,157)	(11,658,227)	(12,821,609)	(12,693,123)	(14,207,655)
Net assets	11,094,614	12,595,029	14,472,445	15,876,682	15,083,278

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. YANG Xuegang (楊雪崗先生), aged 61, is an Executive Director, the chief executive officer of the Company and the chairman of the Board. He was appointed as an Executive Director in November 2007. He is responsible for the overall management and business development of the Group. He is also the chairman of the Nomination Committee and the Sustainable Development Committee.

Mr. Yang graduated from Hebei Hydraulic College (河北水利專科學校) (now known as Hebei University of Water Resources and Electric Engineering (河北水利電力學院)) in Cangzhou, the PRC in July 1985 with a diploma in hydraulic engineering construction and obtained the hydraulic engineer qualification issued by the Handan City Labour Bureau (邯鄲市勞動人事局) in December 1993. He completed a master-level training course in business administration at Renmin University of China (中國人民大學) in Beijing, the PRC in March 2000 and was a supervisor of a master's degree program at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in July 2002. He completed a further master-level training course in business administration at the ZhongHua Yanxiu University (中華研修大學) in Beijing, the PRC in September 2003. In November 2003, he obtained a master's degree in business administration from Asia International Open University (Macau) (亞洲(澳門)國際公開大學) in Macau. He obtained the senior engineer qualification awarded by the Hebei Provincial Department of Human Resources and Social Security (河北省人力資源與社會保障廳) in December 2012. In January 2017, Mr. Yang obtained an executive master's degree in business administration from Hebei University of Technology (河北工業大學) in Tianjin, the PRC.

Prior to the establishment of the Group, Mr. Yang was employed at the Dongwushi Reservoir Management Center (東武仕水庫管理處), a public body directly subordinated to the Handan City Hydraulics Bureau (邯鄲水利局), on a full-time basis for approximately 10 years from August 1985, and became a deputy director of the Dongwushi Reservoir Management Center from January 1988. He then joined the Group as general manager as a result of his entrepreneurial efforts since the establishment of Xingtai Risun Coking Limited in May 1995 and became chairman since May 1996. Since September 2012, he has been a director of Beijing Automic Technology Co., Ltd. (北京奧特美克科技股份有限公司) ("Beijing Automic"), a company previously listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 430245), whose principal business is the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services, and held as to 49.92% by Mr. Yang and parties acting-in-concert with him.

Over the years, Mr. Yang has taken up leadership roles in a number of industry associations, including those relating to the coking industry. He has been the vice president of CCIA since October 2005, and the president of HBCCIA since January 2006. In February 2008, Mr. Yang was elected and had served as a deputy to the 11th NPC and in February 2013, he was elected as a deputy to the 12th NPC.

Mr. Yang is the spouse of Ms. Lu Xiaomei, who is an executive Director as well as the father of Mr. Yang Lu, who is also an executive Director.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lu Xiaomei (路小梅女士), aged 62, is an Executive Director of the Company. She was appointed as a non-executive director of the Group from November 2007 to September 2018. In addition to her duties on the group-level, Ms. Lu also served in the management of various subsidiaries of the Group, including being appointed as a director of Hebei Risun Coking Limited (河北旭陽焦化有限公司) (currently known as Hebei Risun Energy Limited (河北旭陽能源有限公司)) and Xingtai Risun Coking Limited (邢台旭陽焦化有限公司) (currently known as Xingtai Risun Trading Limited (邢台旭陽貿易有限公司)) in 2004. She was also appointed as a director of Xingtai Risun Coal Chemicals Limited (邢台旭陽煤化工有限公司) in 2006. She resigned from her directorships in these three subsidiaries in 2007.

She graduated with a bachelor's degree in medicine from North China Coal Medical University (華北煤炭醫學院) (currently known as the Department of Medicine of North China University of Science and Technology (華北理工大學醫學部)) in 1988. In 2001, she completed the master-level training course in medicine at Hebei Medical University (河北醫科大學). In 2022, she obtained the deputy chief physician qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Ms. Lu has approximately 21 years of corporate management experience. Prior to joining the Group, she had been a gynecologist, a physician-in-charge and a deputy chief physician at the Hospital of Xingtai Mining Group (邢台礦業集團總醫院). Between October 2012 and March 2021, Ms. Lu was a director of Beijing Automic, a company listed on the National Equities Exchange and Quotations (stock code: 430245) between 2013 to 2019 and principally engaged in the planning of water conservancy information projects, consultation and assessment, as well as software and hardware product development and services.

Ms. Lu is the spouse of Mr. Yang Xuegang, who is the chairman, executive Director and chief executive officer of the Company, as well as the mother of Mr. Yang Lu, who is also an executive Director.

Mr. Li Qinghua (李慶華先生), aged 62, is an Executive Director of the Company and the executive president of the Group since April 2024 to oversee the Group's administration and management, assist the Board and the chairman of the Board in making operational decisions. He is primarily responsible for the daily operation of the Group and the management of all the Group's production bases. He is also a member of the Remuneration Committee.

He graduated from the Anhui Economic Management Cadre Institute (安徽經濟管理幹部學院) in Hefei, the PRC in July 1987 with a diploma in industrial enterprise management and obtained a master's degree in economics from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) in Beijing, the PRC in July 2001. He obtained a senior economist qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in November 1999.

Mr. Li joined the Group in November 2004 as a deputy general manager of Xingtai Risun Trading. He has over 31 years of corporate management experience. Prior to joining the Group, he undertook several positions at Hebei Changzheng Automobile Manufacturing Co., Ltd. (河北長征汽車製造有限公司), an automobile manufacturer, from July 1983 to October 2004, including director of the special cars factory from May 1993 to June 1998, deputy director and director of the general factory from June 1998 to September 2002 and deputy general manager of Hebei Changzheng Automobile Manufacturing Co., Ltd. from September 2002 to October 2004.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HAN Qinliang (韓勤亮先生), aged 52, is an Executive Director and a senior vice president of the Group. Mr. Han was appointed as an Executive Director in May 2011. He is primarily responsible for the management of the financial, accounting and information systems of the Group. He is also a member of the Sustainable Development Committee.

Mr. Han obtained a diploma in industrial economy administration from Hebei College of Mechanical Engineering (河北機電學院) in Xingtai, the PRC in June 1993 (as a result of a merger, Hebei College of Mechanical Engineering is now part of Hebei University of Science and Technology (河北科技大學)). In December 2001, he obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC. In July 2001, he became a member of Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in the PRC. In December 2003, he obtained the senior accountant qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Han joined the Group in March 2004. Mr. Han has over 32 years of experience in steel and coal chemical industry. From September 1993 to April 2004, he was the deputy head of the finance department's cost division in Xingtai Machinery and Mill Roll (Group) Corporation (邢台機械軋軋(集團)有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋軋有限公司)). In March 2004, Mr. Han joined Xingtai Risun Trading as a general manager assistant.

Mr. WANG Nianping (王年平先生), aged 63, is an Executive Director and a senior vice president of the Group. He was appointed as an Executive Director in September 2018. He is primarily responsible for the legal and risk management of the Group.

Mr. Wang obtained a bachelor's degree in law from the Institute of Hubei Finance (湖北財經學院) (now known as Zhongnan University of Economics and Law (中南財經政法大學)) in Wuhan, the PRC in July 1984. He obtained a post-graduate degree in international trade and a juris doctor degree from the University of International Business and Economics (對外經濟貿易大學) in Beijing, the PRC in June 1994 and December 2007, respectively. He was admitted as a qualified lawyer in the PRC in June 1987 and obtained the senior economist qualification issued by the Sinopec Group in November 2004.

Mr. Wang joined the Group in February 2011. He had over 17 years of extensive experience in the petrochemical industry. He was recognized as a third level lawyer in April 1990 by China National Petroleum Corporation (中國石油天然氣總公司) where he worked. In January 1996, Mr. Wang joined China Petroleum Engineering Construction Corporation, a company whose principal business is building oil and gas infrastructures and undertook various positions including contracts administrator, senior officer of the debt recovery department and deputy manager of the projects department. In May 2001, he joined Sinopec International Petroleum Exploration and Production Corporation ("SIPC"), a company whose principal business is in overseas oil and gas investment and operations, as the deputy manager of the legal department. From November 2004 to December 2008, he served as the vice president of the SIPC's subsidiaries in Kazakhstan and as the deputy general manager of the SIPC's subsidiaries in Syria from January 2009 to October 2010.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. YANG Lu (楊路先生), aged 35, is an Executive Director and vice president of the Group. He is primarily responsible for the management of the international and domestic trading and refined chemicals business of the Group. He was appointed as an Executive Director in September 2018.

Mr. Yang Lu graduated with a bachelor's degree in chemical engineering from the Washington University in St. Louis, the United States in May 2012. He obtained the fund management qualification from the Asset Management Association of China in June 2015.

Mr. Yang Lu joined the Group in November 2013. He has over 13 years of fund management, international and domestic trade and refined chemicals business experience. Prior to joining the Group, he was a junior consultant at Roland Berger Management Consultants (Shanghai) Co., Ltd. (羅蘭貝格企業管理(上海)有限公司), a global strategy consulting firm, from September 2012 to September 2013, and from October 2013 to November 2014, he worked in the marketing department of Beijing Automic. Mr. Yang Lu has been the chairman's assistant of Hong Kong Risun since November 2013 and worked in the market research department as deputy manager of Risun Marketing Co. Ltd. (旭陽營銷有限公司) (previously named as Beijing Risun Hongye Chemicals Co., Ltd.) from December 2014 to May 2016. He then worked in Beijing Risun Fund Management Co., Ltd. (北京旭陽基金管理有限公司), a wholly-owned subsidiary of Xuyang Holding, between June 2016 and September 2018, first as deputy general manager and subsequently as general manager. Since September 2018, he was the general manager of Risun Marketing (旭陽營銷).

Mr. Yang Lu is the son of Mr. Yang Xuegang and Ms. Lu Xiaomei, both are also executive Directors of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. YU Kwok Kuen Harry (余國權博士), aged 56 is an Independent Non-Executive Director and also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He was appointed as an Independent Non-Executive Director in September 2018.

Dr Yu holds a master degree in business administration and a doctoral degree of business administration. He is a fellow of the Institute of Chartered Accountants in England and Wales, a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Dr. Yu is also a Certified Public Accountant in the Macau Special Administrative Region.

Dr. Yu joined KPMG, an international accounting firm, in October 1991 and was a partner of KPMG from July 2002 to June 2011.

Dr. Yu also served as an independent non-executive director at Impro Precision Industries Limited, a manufacturer of high-precision, high complexity and mission-critical casting and machined components and a company listed on the Main Board of the Stock Exchange (stock code: 1286) from April 2019 to December 2024.

Mr. WANG Yinping (王引平先生), aged 65, is an Independent Non-executive Director and also the chairman of the Remuneration Committee, a member of the Audit Committee, the Remuneration Committee and the Sustainable Development Committee. He was appointed as an Independent Non-executive Director in September 2018.

Mr. Wang obtained a bachelor's degree in law from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1985 and a master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in Shanghai, the PRC in November 2004.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang has extensive experience in corporate management. He joined China National Chemical Import & Export Corporation (中國化工進出口總公司) (now known as Sinochem Group Co., Ltd. (中國中化集團有限公司)) (“Sinochem”), a conglomerate offering exploration and production of oil and gas, energy, agriculture, chemical, real estate and financial services, in March 1988 and held various senior positions between March 1988 and March 2014 in Sinochem and its subsidiaries (“Sinochem Group”), including the deputy general manager of the Hainan branch of Sinochem, the general manager of the Pudong branch of Sinochem, the deputy general manager of China Foreign Economic and Trade Trust Company Limited (中國對外經濟貿易信託有限公司), a company principally engaged in microfinance, industrial finance, capital market and wealth management, the general manager of the human resource department of Sinochem Group, the vice president of Sinochem Group, the general manager of Sinochem International Trading Company Limited (now known as Sinochem International Corporation (中化國際(控股)股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600500) and principally engaged in the chemical and rubber business, the chairman of the China Foreign Economic and Trade Trust Company Limited and the chairman of the Sinochem Lantian Co., Ltd. (中化藍天集團有限公司), a company principally engaged in research, production and sale of fluorine chemicals.

Mr. Wang also served as chairman of the board of Zhejiang Int'l Group Co., Ltd. (浙江英特集團股份有限公司), a company that produces and sells pharmaceutical and Chinese medicine health products in China and listed on the Shenzhen Stock Exchange (stock code: 000411), from December 2010 to March 2014. From January 2015 to December 2016, Mr. Wang was an executive director of China Pioneer Pharma Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1345) and a comprehensive marketing, promotion and channel management service provider dedicated to imported pharmaceutical products and medical devices in the PRC, and was re-designated to serve as a non-executive director from December 2016 to December 2019. Mr. Wang was an independent non-executive director of Yida China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3639) from December 2016 to March 2023.

Dr. Liu Xiaofeng (劉曉峰博士), aged 63, is an Independent Non-executive Director and also a member of the Audit Committee. He was appointed as an Independent Non-executive Director in October 2024.

He obtained a master's degree and a Ph.D. in development economics from University of Cambridge in October 1988 and May 1994, respectively. He also obtained a master's degree in Development Studies from the University of Bath in December 1987, and a bachelor's degree in economics from Southwest University of Finance and Economics in China (previously known as Sichuan Institute of Finance and Economics) in July 1983.

Dr. Liu has over 33 years of experience in corporate finance and has worked in various international financial institutions since 1993, including N M Rothschild & Sons Limited, N M Rothschild & Sons (Hong Kong) Limited, JPMorgan Chase, DBS Asia Capital Limited, China Resources Capital Holdings Company Limited and UBS Securities Co., Limited. He also served as an independent non-executive director at Haier Electronics Group Co., Ltd. (stock code: 1169) from June 2007 to June 2014, at Hisense Home Appliances Group Co., Ltd. (stock code: 921) from September 2017 to August 2018, at Honghua Group Limited (stock code: 196) from January 2008 to November 2021, at AAG Energy Holdings Limited (stock code: 2686, delisted in July 2023) from August 2018 to August 2023, at Cinda International Holdings Limited (stock code: 111) from July 2016 to July 2024, at Kunlun Energy Company Limited (stock code: 135) from April 2004 to May 2025 and at Sunfonda Group Holdings Limited (stock code: 1771) from May 2017 to December 2025.

Currently, he has been an independent non-executive director at Logory Logistics Technology Co., Ltd. (stock code: 2482) since March 2023 and Anjoy Foods Group Co., Ltd. (stock code: 2648) since July 2025. He is also an independent director of ICBC UBS Asset Management Company Limited since October 2025. Moreover, Dr. Liu has been the vice president of the China Independent Non-executive Directors Association since August 2023.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. ZHANG Yingwei (張英偉先生), aged 53, is a senior vice president of the Group. He is primarily responsible for the strategic investments, production and engineering of the Group.

Mr. Zhang graduated with a bachelor's degree in coal chemistry from Tangshan Institute of Technology (唐山工程技術學院) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in June 1993. He completed a master-level training program in business administration at Hebei University of Economics and Business (河北經貿大學) in Shijiazhuang, the PRC in November 2004. He also obtained a master's degree in metallurgical engineering at Hebei Polytechnic University (河北理工大學) (now known as North China University of Science and Technology (華北理工大學)) in Tangshan, the PRC in April 2007. In December 2012, he obtained the senior engineer qualification from the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室).

Mr. Zhang has over 32 years of experience in iron and steel industry and coal chemical industry. Mr. Zhang worked for Xingtai Metallurgical Machinery and Mill Roll Joint Stock Corporation (邢台冶金機械軋軋股份有限公司) (now known as Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. (中鋼集團邢台機械軋軋有限公司)), whose principal business is the manufacturing of metallurgical machinery and parts for the production of metallurgical rolls and equipment, from September 1993. He then joined the Group in February 1996. He has been serving as a vice president of the Coking Chemistry Sub-committee of the National Technical Committee on Coal Chemical Industry of Standardization Administration of China (全國煤化工標準化技術委員會) since May 2016, an expert on the expert panel of the CCIA since January 2018 and an expert of both the HBCCIA and the Department of Industry and Information Technology of Hebei Province since April 2018. He was an Executive Director of the Company from July 2009 to April 2024.

Mr. HO Pui Lam Joseph (何沛霖先生), aged 45, is the chief financial officer and company secretary of the Company. He is primarily responsible for the management of finance, capital markets, corporate governance and company secretarial matters, participation in the making of critical business decisions and development of the business strategy. He obtained a Bachelor of Business Administration degree in Accounting and Finance from the University of Hong Kong in December 2002 and a Master of Science degree in Professional Accounting and Corporate Governance with Distinction from City University of Hong Kong in June 2025. Mr. Ho is a FCPA of the Hong Kong Institute of Certified Public Accountants, a Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute (holding Chartered Secretary and Chartered Governance Professional dual designations) together with an Associate of the Institute of Chartered Accountants in England and Wales. He is also a lifetime member of Beta Gamma Sigma (City University of Hong Kong Chapter).

Mr. Ho joined the Group in September 2017. He has over 22 years of auditing, finance, capital markets, corporate governance and company secretarial experience. Prior to joining the Group, he was an audit manager at Deloitte Touche Tohmatsu from September 2002 to November 2009. He also served as the financial controller and company secretary of Renheng Enterprise Holdings Limited, a company principally engaged in the manufacture and sale of tobacco machinery products in the PRC and listed on the Main Board of the Stock Exchange (stock code: 3628), from June 2010 to August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is an integrated coke, coking chemical and refined chemical producer and supplier together with relevant operation management services provider in China. The Group is the world's largest independent producer and supplier of coke by production/processing volume[#] in 2025 and this remarkable leading position in the independent coke industry has been maintained for over three decades since 1995.

During the Reporting Period, the Group held several leading positions in coke, refined chemicals and hydrogen-energy products sectors in China or globally as follows:

Name of products	Industry position
1) Coke	World's largest independent producer and supplier
2) Coking crude benzene	World's largest processor
3) High temperature coal tar	World's second largest processor
4) Caprolactam	World's second largest producer
5) 2-Amino-2-methyl-1-propanol [^]	World's second largest producer (by production capacity)
6) Coke-oven-gas-based methanol	China's largest producer
7) Industrial-naphthalene-based phthalic anhydride	China's largest producer
8) High purified hydrogen	China's second largest producer

[^] New industry's leading position during the Reporting Period.

[#] According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global consulting firm.

The Group also provides operation management services to third-party independent coke producers and refined chemicals producers in order to enhance the Group's influence, market share and standing in these industries. At the end of the Reporting Period, the Group provided operation management services to six coke producers and two refined chemicals producers.

During the Reporting Period, profit for the Year of the Group increased by approximately RMB36.9 million or 37.7% as compared to the Last Year, and the average price of the Group's coke products dropped to approximately RMB1,373.9/ton (tax-exclusive), down approximately RMB473.8/ton or 25.6% from the Last Year; and as of the end of March 2026, the Group's coke price slightly raised to approximately RMB1,406.2/ton (tax-exclusive). The Group has been controlling its blended coal prices through various effective means, maintaining the optimal coal-coke price spread.

Under the operation and management reform (the "**Reform**"), the Group was coordinating the integration, expansion and transformation of the existing businesses including production/processing capacity of coke, refined chemicals (including hydrogen-energy products) and operation management services, with the target of reinforcing the Group's consolidated competitive advantages and enhancing performance. Other than that, the Group was exploring more capital market actions such as merger and acquisition of new businesses together with restructuring of existing businesses (the "**Development**"). During the Reporting Period, the latest situation of the Reform and the Development were as follows:

OVERVIEW *(continued)*

1) **Consolidating global industry position by increasing overall production capacity**

The Group completed the amino alcohol project of 5,000 tons per annum in Dingzhou Production Base, the coke project of 1.8 million tons per annum in Pingxiang Production Base, and two new operation and management service projects in Shanxi and Jilin Provinces.

The annual production capacity of coke business segment increased to 23.7 million tons during the Year, while the annual capacity of refined chemicals business segment increased to 6.2 million tons in the Year. Also, the annual production capacity of hydrogen-energy products business segment increased to 140 million cubic meters during the Year.

2) **Driving business development by developing more high-value refined chemicals through innovation**

Through continuous innovation in research and development for the expansion of production capacity, the Group led the transformation of caprolactam industry. With collaborative efforts of the entire industry, the selling price of caprolactam climbed steadily from RMB8,050 per ton in early November 2025 to RMB9,450 per ton at the end of the Year.

3) **Promoting new business development with key entry barriers through liquid hydrogen**

Leveraging its maximum potential resources of hydrogen-energy products of 5.3 billion cubic meters per annum among four production bases in Dingzhou, Xingtai, Tangshan and Huhhot, the Group underwent the construction, together with Beijing Institute of Aerospace Test Technology* (北京航天試驗技術研究所), of the first national liquid hydrogen project with a capacity of 5 tons per day in Dingzhou Production Base in the Year.

4) **Building the future together through the grant of share awards to employees**

Through share awards granted under the Share Award Plan adopted by the Company on May 30, 2025, the Group strengthened employees' sense of belonging and responsibility and enhanced its core competitiveness, which achieved a triple-win situation for supporting the growth of employees of the Group, driving the Group's outstanding performance and enhancing the value for the shareholders of the Company (the "Shareholders").

5) **Upgrading ESG ratings through the development of a green concept**

While pursuing economic benefits, the Company safeguarded safety, environmental protection, and quality, treating them as the lifeline of the Group. Throughout the thirty years of technology advancement and management expertise, the Group built up a green concept by transforming and benchmarking nine production bases within the coke and refined chemicals industries. The Group was recognized with designations including National Green Industrial Park, National Green Factory, Green Supply Chain Management Demonstration Enterprise, and Energy/Water Efficiency Leading Enterprise, and became a model of ESG industry practice with ultra-ultra-low emissions.

The Group believed that the business prospects, business operation and financial performance will be gradually improved by implementing the annual plan of operation and production and the financial budget, achieving the corporate cost control measures and safeguarding profits. The Group has finished compiling the seventh "Five-Year Plan from 2026 to 2030" during the Year in order to facilitate a smooth transition to the new plan and cope with the rapid changes in the business and economic world.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW *(continued)*

Currently, the Group had nine operating production bases around the world, while eight of them were located in three provinces and one autonomous region of China and the ninth one was located in Sulawesi, Indonesia. During the Year, a new production base in Pingxiang, Jiangxi Province commenced its production. The main philosophy of the Group's expansion is to increase its annual production/processing volume in coke and refined chemicals according to the market and the Group's own Five-Year Plan. Gradually, there will be new production facilities commencing operation and the Group's overall production capacity is expected to further increase. By doing so, the Group can develop a longer and wider production chain of 58 types of coke, refined chemicals and hydrogen-energy products. In the long run, the Group will strive to maintain its leading position in the coke, refined chemicals and hydrogen-energy products industry and continue to create sustainable values to the Shareholders.

Considering the operating results of the Year and up to the date of this report, the recent development of China and the world's economy, the Group's future development needs as well as the Reform and the Development, the Board determined a final dividend of RMB0.19 cents per share with a total dividend amount of RMB8,130,000 for the Reporting Period (Last Year: special dividend of RMB2.22 cents per share or HK2.40 cents per share and a total dividend amount of RMB96,447,000 or HK\$103,873,000), representing no less than 30% of the Group's net profit attributable to owners of the Company for the Year.

BUSINESS REVIEW

The Group's vertically integrated business model, together with its experience of more than 30 years in the coke industry production chain, enables the Group to expand into the downstream refined chemicals and hydrogen-energy products industries. Currently, the Group has four business segments ranging from coke and coking chemicals manufacturing, refined chemicals (including hydrogen-energy products) manufacturing, operation management services and trading.

During the Reporting Period and up to the date of this report, the Group entered into two new operation management agreements to further expand its business presence in coke and coking chemicals in Shanxi and Jilin Provinces, China. Since 2014, the Group has provided its first operation management service, and has actively developed its operation management business for a decade.

Four existing business segments of the Group are set out as follows:

- 1) Coke and coking chemicals manufacturing:** the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group's coking facilities;
- 2) Refined chemicals (including hydrogen-energy products) manufacturing:** the processing of coking chemicals, sourced from the Group's coke and coking chemicals manufacturing segment and third parties, into refined chemicals products at the Group's refined chemicals facilities, as well as marketing and sale of such refined chemicals including hydrogen-energy products;

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

- 3) **Operation management:** the operation management services provided to the third-party plants, and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts; and
- 4) **Trading:** the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of them.

Below is the table summarizing the key corporate activities of the Group for the Year and up to the date of this report:

Time	Corporate Activities
April 2025 – China Coking Coal & Coking Brand Cluster’s (the “ Brand Cluster ”) co-chairmen and vice-chairmen meeting	Brand Cluster’s co-chairmen and vice-chairmen meeting was held in Beijing to discuss the future market strategy of the Brand Cluster and to widely build consensus on promoting the high-quality development of the coking industry.
May 2025 – Adoption of Share Award Plan	An ordinary resolution was passed at the annual general meeting of the Company on May 30, 2025 for adoption of the Share Award Plan to recognize, reward and attract suitable personnel for further development of the Group.
June 2025 – An operation management agreement with Jilin Dingyun New Energy Co., Ltd.* (吉林鼎運新能源股份有限公司) (“ Jilin Dingyun ”)	Entering into an operation management agreement with Jilin Dingyun for the purpose of providing comprehensive services for the overall production operation management of the coke project with an annual capacity of 1.2 million tons.
June 2025 – Share repurchase continued according to new general and unconditional mandate	Share repurchase continued according to new general and unconditional mandate obtained at the annual general meeting held on May 30, 2025 with a maximum of 432,231,600 shares to be repurchased until the next annual general meeting in 2026.
July 2025 – Establishment of Alashan League Risun Mining Limited* (阿拉善旭陽礦業有限公司) (“ Risun Mining ”)	The Group established Risun Mining to seize the opportunities of mines in the area of Alashan League, the PRC and to strengthen the management of supply and demand chain of existing materials within the Group, and to promote trading and/or manufacturing of new materials mined, thereby creating new business growth opportunities for the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

Time	Corporate Activities
August 2025 – Successful Convention of the Development Conference of Risun Group Limited* (旭陽集團有限公司) (“ Risun Group ”)	The Group convened the Development Conference of Risun Group in August, which aimed to summarize the progress made and challenges faced by the Group over the past 30 years, analyze the international and domestic economic situations and establish the Group's future direction and industry positioning. Another main goal of the conference was to formulate the Group's Seventh “Five-Year Plan from 2026 to 2030”.
September 2025 – First grant of share awards	A total of 9,915,000 share awards was granted to 197 eligible participants under the Share Award Plan.
October 2025 – Disposal of Xingtai Risun Material New Technology Co., Ltd.* (邢台旭陽材料新科技有限公司) (“ Xingtai Risun Material ”)	Xingtai Risun Material was disposed of to realize the intrinsic value of its assets, mainly including the value of the land right-of-use assets to the Group.
December 2025 – An operation management agreement with Yuanqu Wulong Magnesium Industry Co., Ltd.* (垣曲縣五龍鎂業有限責任公司) (“ Wulong Magnesium ”)	An operation management agreement was entered into with Wulong Magnesium for the purpose of providing comprehensive services for its overall production operation management.
January 2026 – Second grant of share awards	A total of 4,503,000 share awards was granted to 600 eligible participants under the Share Award Plan.

Furthermore, the business developments in terms of the coke, refined chemicals, hydrogen-energy products, operation management (including trading), geographical layout, capital market, environmental protection, digitalization and research & development (“**R&D**”) during the Reporting Period and up to the date of this report are described as follows:

Coke

The Group persistently focused on the expansion of its coke production capacity by either organic growth in self-construction of coke production facilities or merger and acquisition of other coke enterprises. In the past, the Group successfully completed the acquisition of a group of coke enterprises in Shandong Province in December 2020 and established the coke enterprise in Sulawesi, Indonesia in December 2021 with the shortest time for a smooth integration into the Group's overall business and operation.

BUSINESS REVIEW *(continued)*

Coke *(continued)*

During the Year, the construction of new Pingxiang Production Base in Pingxiang, Jiangxi Province with an annual coke production capacity of 1.8 million tons was completed and commenced for operation. This new production base included two 65-hole, 6.78m tamping coke ovens, a coal and coke system, a coal gas purification system, and auxiliary production facilities. It was also equipped with a 260 tons/hour dry quenching coke oven and an ultra-high-pressure steam electricity generator. The Group utilized numerous advanced domestic and international equipment and technologies, such as rammed-coal coking, and Pingxiang was currently one of the most automated coke oven production facilities in China.

Moreover, the Group was providing operation management services for third-party coke enterprises with plants producing and processing annual coke capacity of 6.3 million tons in different provinces in China.

Refined chemicals

The Group maintained three production chains of refined chemicals and further refined and produced hydrogen-energy products. The classification of these four products is as follows:

1) Carbon material chemicals:

Coal tar pitch, industrial-naphthalene-based phthalic anhydride, carbon black oil

2) Alcohol-ammonia chemicals:

Methanol, synthetic ammonia, 2-Amino-2-methyl-1-propanol

3) Aromatic chemicals:

Benzene hydrogenation, cyclohexane, cyclohexanone, styrene, caprolactam, polyamide 6

4) Hydrogen-energy products:

High purified hydrogen, liquid hydrogen

During the Year, making use of the initiative of leading position, advanced production technology and R&D experience over the decade, the Group developed amino alcohol of 5,000 tons per annum for the first time in the PRC by using its production facility in Dingzhou Production Base. The Group became the world's second largest producer and supplier of amino alcohol, which enhanced the Group's value in the refined chemicals industry through economic of scale, industry chain integration and innovation. Amino alcohol is widely used in high-end paint additives, cosmetics, pharmaceuticals, pesticide, metal processing, carbon dioxide absorption etc. This initiative further consolidated the Group's market position in high-end refined chemicals and supported the Group's sustainable development through technological advancements and global resource allocation. Amino alcohol was also successfully passed the REACH registration in European Union ("EU") and could be sold to customers in the EU market. This was another achievement of the Group's strategic breakthrough following development of first domestic amino alcohol of 5,000 tons per annum in the Group's Dingzhou Production Base.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

Refined chemicals *(continued)*

The overall market for caprolactam was improved, with average selling prices steadily climbing to RMB9,850/ton. The Group led the transformation of caprolactam and achieved breakthroughs in cost control and production efficiency through its continuous R&D innovation and capacity expansion. Currently, the Group's total caprolactam production capacity has reached 810,000 tons/year (510,000 tons/year and 300,000 tons/year in Cangzhou and Dongming Production Bases, respectively), with a stable market share at a relatively high level of approximately 7.5%.

Based on the first amino alcohol and existing caprolactam production facilities, the Group will optimize its refined chemicals industry production chain, continuously create profit growth opportunities and support the transformation of fundamental chemicals towards innovation-driven high-end refined chemicals. Other than amino alcohol, the Group will continue to develop new type of refined chemicals and materials polyamide 6 and high-temperature nylon – a special material for many consumables with its characteristic of strength and heat resistance.

Hydrogen-energy products

Apart from four existing business segments, the Group intends to actively participate in the hydrogen industrialization plans in Dingzhou (Hebei Province), Hohhot (Inner Mongolia) and Xingtai (Hebei Province), China. The Group aimed at becoming a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to developing from hydrogen production, storage, transportation, hydrogenation to usage and by deploying advanced technology and more customer-oriented services, to extending a smart hydrogen supply network to the whole country.

During the Year, Dingzhou Risun Hydrogen Energy Co., Ltd.* (定州旭陽氫能有限公司) (“**Risun Hydrogen Energy**”) successfully completed the procedures to add new categories to its hazardous chemicals business license, expanding the scope of hazardous chemicals business from 5 categories to 18 categories. This marked an important step forward in the field of hazardous chemicals trade and operations, further enriching the product line and enhancing competitiveness. Also, Risun Hydrogen Energy passed the 2025 Clean Hydrogen Certification of the National Hydrogen Energy and Fuel Cell Vehicle Demonstration Evaluation Platform. This not only demonstrated the Group's technological strength in the field of clean and low-carbon hydrogen-energy production, but also provided critical support for the Group's high-purity hydrogen-energy products entering international markets.

Also, the Group's 5-ton daily liquid hydrogen demonstration project successfully passed the preliminary review and public announcement by the Hebei Provincial Development and Reform Commission and was selected for the fifth batch of the proposed recommendation list for the first major technological equipment in the energy sector in the PRC. Liquid hydrogen is a key means of achieving efficient storage and transportation of hydrogen energy, and promoting strategic energy transformation and green, low-carbon development.

Risun Hydrogen Energy was a major player in hydrogen-energy supply in North China and the Group owned four high-purity hydrogen-energy production bases and four hydrogen-energy refueling stations. The hydrogen production and sales exceeded 25 million cubic meters for the Year, which accounted for approximately 21.8% of the North China market share.

BUSINESS REVIEW *(continued)*

Operation management (including trading)

The Group carried out operation management (including trading) of approximately 15.0 million tons of coal, coke and refined chemicals during the Year.

Average selling prices of major products

The average selling prices (net of VAT) of the Group's major products during the Reporting Period are as follows:

	RMB per ton
Coke	1,373.9
Benzene	5,446.6
Coal tar pitch	3,493.4
Caprolactam	8,003.4
2-Amino-2-methyl-1-propanol (per kilogram)	110.4
Methanol	1,553.5
Phthalic anhydride	5,520.7
Synthetic amine	1,734.7
Styrene	6,295.5
Hydrogen-energy products (per cube meter)	2.13

Geographical layout

Apart from setting up subsidiaries/offices in Singapore, Indonesia, Vietnam and India, Brazil, etc. in the past, the Group is exploring more coke, refined chemicals and trading opportunities around the world (especially within Europe, the Asia Pacific and Latin America region).

During the Year, the Group set up an office for trading of raw materials of the coke and refined chemicals industry in Brazil and there were eleven offices and/or branches established by the Group covering over forty countries and areas. This demonstrated the Group's growing influence in the global market, and formed a strong foundation for the Group's continued development in the future.

Capital market

During the Reporting Period, the number of shares of the Company held through Hong Kong Stock Connect was more than 364 million shares. This reflected the market confidence in the Company with regard to its long-term strategy and development. Apart from investors in China, Hong Kong and Asia-Pacific region, the Group also strengthened the team of equity market department to target investors in India, United Arab Emirates and Saudi Arabia within the Middle East and Gulf region. We continuously promote the Company through monthly investors' presentations, roadshows, production bases' visits, press releases, constant announcements on business and operational update in order to enhance the transparency of, and present to the public, the operation of the Group.

The Group communicated with domestic and foreign investment institutions and securities analysts, and organized reverse roadshows, to enhance the capital market's understanding and knowledge of the Company. The Group gained high recognition and praise from the capital market with its stable operational performance and strategic planning. The Company was not only the trading target of Hong Kong Stock Connect, but was also included in several classified index constituent stocks under the Hang Seng Index Series, FTSE Russell Index Series and MSCI Index Series.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

Capital market *(continued)*

During the Year and up to the date of this report, the Group granted two batches of share awards in respect of an aggregate of 14,418,000 shares to nearly 800 employees pursuant to the Share Award Plan. This demonstrated the Group's commitment to attracting and retaining talents, strengthening employees' sense of belonging and responsibility, and enhancing the Group's core competitiveness. The Group believed that it could motivate employees to work together diligently and continuously create greater value for the Shareholders.

Environmental protection

Safety, environmental protection and quality are the lifeline of the Group. During the Year, the Group actively promoted the establishment of advanced environmental policies, was committed to building green production bases and green factories, and actively carried out innovation of environmental protection technology.

The Group also independently developed a high-efficiency desulfurization catalyst and explored the optimal desulfurization process and dosage by establishing an industrial side-stream coke oven gas operation. This provided a stronger technical support for environmental protection and cost reduction in coking systems, achieving dual benefits of promoting green and clean production and increasing economic returns to the Group.

Water resources have become a crucial issue for sustainable development. At the Dingzhou Production Base, the Group adhered to a "green, low-carbon and circulation" development model, innovating water-saving technologies, improving water-saving systems and deepening water conservation initiatives. The Group promoted comprehensive water resources management with scientific water allocation, conservation and recycling, and achieved a win-win situation for environmental protection and green development. The Group's Hohhot Production Base was also recognized

as one of the first batch of municipal-level water-saving enterprises.

In addition, the Group built a dedicated railway line serving its Pingxiang Production Base. This dedicated railway line connects to the Shanghai-Kunming Railway, part of the national trunk network, which not only reduces transportation costs and improves logistics stability and safety, but also enhances the railway's green collection-and-distribution capacity by making a significant contribution to green and low-carbon development.

Since the establishment in 1995, the Group continuously invested a total of RMB9.6 billion in environmental protection with the goal to achieve the carbon peak and carbon neutrality in 2030 and 2060. The Group focused on promoting environmental protection projects to reach ultra-low emission standards of pollutants such as nitrogen-oxides, sulfur-oxides, VOCs, etc.

Digitalization

The Group was committed to leading the digitalization in the coke and chemicals industry by making continuous innovation throughout the process of sales-transportation-manufacturing-supply-research. The Group continued to promote the construction and improvement of digital or intelligent factories among the production bases of the Group, with the aim of achieving "green, agglomeration, intelligence and high-end" development in the coke and chemicals industry. By doing so, the Group continued to advance along the path of "completely automation and thoroughly automation; completely informatization and thoroughly informatization", integrating industrial Internet and intelligent manufacturing with the use of automated equipment and automated control systems.

During the Year, the Department of Industry and Information Technology of Hebei Province released the list of the First Batch of Advanced Intelligent Factories for 2025. Hebei Risun Energy Co., Ltd.* (河北旭陽能源有限公司) became, for the first time, the "Coal Coking Full-Process Lean-Management Intelligent Factory".

BUSINESS REVIEW *(continued)*

R&D

Innovation-driven development supports Risun's continuous growth in business. Since the listing of the Company, the Group has accumulated R&D expenditure of RMB6.38 billion, achieved a total of 46 national, provincial and municipal technological innovation results and obtained a total of 300 provincial and municipal honors.

As one of the technological pioneers in the domestic chemicals field, the Group has established a three-level R&D system, including an R&D Committee, the Chief Engineer and the Production Technology Department to build a tiered product system from industrial grade to electronic grade, satisfying the customized needs of cutting-edge fields such as coatings, metals processing, new energies, new materials and electronics. The Group's R&D achievements have obtained certifications and recognitions in many countries, including the United States, Japan and South Korea, and have fully passed the EU REACH registration, evidencing the Group's strong R&D capability in the coke and chemicals fields developed over the past several decades.

DEVELOPMENT STRATEGY

Founded in 1995 and up to 2025, the Group has a more than 30-years history of development, where it takes advantage of its leading position, experience, technology and digitalization in the coke and refined chemicals industries to drastically expand its four existing business segments together with hydrogen-energy products business through the following development strategies:

- (i) expansion of business operation and production capacity (including high value-added chemicals products and hydrogen-energy products);
- (ii) capitalization of market opportunities to provide operation management services;
- (iii) development and reinforcement of long-term business relationships with the major customers and suppliers;
- (iv) expansion of domestic and international trading business;
- (v) improvement of its energy-efficiency, environmental protection and operation safety standards; and
- (vi) improvement of its core competitive strengths through automation and information technologies.

The above development strategies are deployed based on the Group's competitive advantageous abilities through integrated business model and are designed to diversify the risks throughout the production bases in China and overseas.

Apart from the above development strategies, the Group believes it possesses nine competitive strengths that enable it to deploy and execute the development strategies effectively in order to enhance the leadership in the coke and refined chemicals industries and hydrogen-energy products business:

1. Economies of Scale Advantage

The Group is the world's largest independent coke producer and supplier by production/processing volume and enjoys economies of scale which enables the Group to become more competitive in terms of costs, product quality and customer relationships among the eight production bases in China and overseas.

2. Vertically Integrated Advantage

The vertically integrated business model helps improving the Group's production efficiency and achieving synergies through centralized and unified management and reducing exposure to market volatility and price fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT STRATEGY *(continued)*

3. Production Base Advantage

All of the production bases are located in industrial parks approved by local government authorities. The production bases are located near most of the major customers and suppliers and transportation infrastructure, such as national railway networks, major highways, expressways and ports, which provide the Group with multiple transportation options.

4. Cost Control Advantage

The Group actively control the expenditures in cost of sales and services, selling and distribution expenses, administrative expenses, finance costs and income tax expenses. The Group formulated a comprehensive and mature coal preparation and blending computer system based on its IT infrastructure and experience so as to widen the price spread between its products and raw materials both in coke and refined chemicals.

5. Centralized Sale and Marketing Advantage

The Group is market-oriented and all the products are sold under the brand "RISUN" via the centralized sale and marketing system operated by the Group. The Group generally maintains low levels of finished product inventories, adopts a "zero inventory" policy and strives to achieve minimal inventory of the Group's coke products. The Group produces based on the periodical production plans which are adjusted regularly pursuant to the customers' demands.

6. R&D and Innovation Advantage

The research and technology personnel focuses on the innovation of products and energy and resource efficiency to improve its manufacturing processes and reduce the impact of its production processes on the environment. The Group is also committed to improving product added value and extending the industrial value chain.

7. Automation and Information Technologies Advantage

The production bases are highly automated and the Group has established a centralized system connecting its Manufacturing Execution System (MES), Enterprise Resource Planning (ERP) systems and the BeiDou Navigation Satellite System. The Group also uses the mobile internet, cloud computing, internet of things, big data and intelligent manufacturing technologies in its operations.

8. Environmental Safety Advantage

The Group adopts a number of measures and practices to reduce the impact of its operations on the environment, such as preventing soil pollution, water pollution and air pollution in order to minimize the negative impact on the environment.

Another key environmental measure of the Group is resource recovery and re-utilization. During the coking process, the Group recovers and re-utilizes valuable coking by-products to manufacture refined chemical products. With the vertically integrated business model, the Group also re-utilizes the heat from its production processes and re-uses wastewater and other fluids after appropriate treatment.

9. Risk Mitigation Advantage

The Group monitors the business operations of its customers, including but not limited to their inventory levels, production output and sales volumes, via its on-site customer service personnel. This helps promptly understand the downstream demand for the Group's products, adjust its production plans and mitigate the risks associated with price fluctuations and changes in demand for its products.

BUSINESS PROSPECTS

2026 marks the beginning of the Group's new five-year plan from 2026 to 2030. Looking forward, the Group will make use of different ways of operation management, merger and acquisition, and establish joint ventures with well-known geographical large enterprises, in order to increase the production/processing of coke and refined chemicals and the market share of hydrogen-energy products.

Coke and refined chemicals

The Group will continue to increase its market share in independent coke market and certain refined chemicals market in China and overseas by expanding the annual production/processing capacity for coke and refined chemicals, exploring different potential projects of mergers and acquisitions, focusing on markets for new refined chemicals and new materials with large potential demand and relatively small domestic supply, and rolling out different operation management services, in order to promote deep and instant market influence and pricing power. The Group will use coals from a broader range of countries and deploy new digital technologies with the goal of achieving optimal price spreads for the Group's products.

Also, the Group will pursue transformation with traditional industries as foundation and drive the transformation in the coke and refined chemicals industries through technological innovation and green development. This will bring new development opportunities to the Group. Leveraging its leading positions in caprolactam and amino alcohol, the Group can further refine caprolactam into polyamide 6 and can further apply amino alcohol in high-end coatings, metal processing, pharmaceutical pesticides and cosmetics, which can greatly improve their overall performance in terms of the color uniformity and reduction of volatile organic compounds.

Hydrogen-energy products

The Group will actively participate into the hydrogen industrialization plans in different cities in China where the Group's production bases are deployed. The Group aims to be a clean and low-carbon hydrogen energy supplier. Focusing on the rapid development of hydrogen energy industry in Beijing-Tianjin-Hebei area, the Group is committed to developing from hydrogen production, storage, transportation, and hydrogenation to usage and by deploying advanced technology and more customer-oriented services, to extending a smart hydrogen supply network to the whole country. In the future, the Group will explore the opportunities to build up hydrogen-energy mother island and energy integrated station in Beijing-Tianjin-Hebei area.

The 15th Five-Year Plan of China proactively outlines the future of the hydrogen-energy industry, and introduces comprehensive supporting policies, including those supporting the large-scale application of fuel cell vehicles, creating key opportunities for the hydrogen-energy industry, accelerating the transition from demonstration applications to commercialization. The Group believes that the hydrogen-energy business will reach a new horizon for industry growth, especially in the industrialization of liquid hydrogen.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events affecting the Company or any of its subsidiaries that took place subsequent to December 31, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT, PERFORMANCE AND STATUS OF THE BUSINESS OF THE GROUP

The following table sets forth the Group's financial ratios as at the dates and for the years indicated:

	As of and for the year ended December 31,	
	2025	2024
Gross profit margin ⁽¹⁾	7.8%	7.3%
Net profit margin ⁽²⁾	0.3%	0.2%
EBITDA margin ⁽³⁾	9.2%	8.1%
Return on equity ⁽⁴⁾	0.5%	0.2%
Gearing ratio ⁽⁵⁾	2.3	1.9
Debt-to-asset ratio ⁽⁶⁾	75.6%	73.5%

Notes:

- (1) Calculated by dividing gross profit by revenue for the year.
- (2) Calculated by dividing profit by revenue for the year.
- (3) Calculated by dividing earnings before interest, tax, depreciation and amortization ("**EBITDA**") by revenue for the year.
- (4) Calculated by dividing profit attributable to owners for the year by equity attributable to owners as of the end of the year.
- (5) Calculated by dividing total interest-bearing borrowings by total equity as of the end of the year.
- (6) Calculated by dividing total liabilities by total assets as of the end of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth our total revenue and gross profit by business segment (excluding the inter-segment revenue):

	For the year ended December 31, 2025					
	Coke and coking chemicals manufacturing <i>RMB'000</i>	Refined chemicals manufacturing <i>RMB'000</i>	Operation management <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	13,515,076	17,796,457	1,804,127	5,956,004	214,819	39,286,483
Gross profit	1,671,497	805,524	89,091	389,921	108,247	3,064,280

	For the year ended December 31, 2024					
	Coke and coking chemicals manufacturing <i>RMB'000</i>	Refined chemicals manufacturing <i>RMB'000</i>	Operation management <i>RMB'000</i>	Trading <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	17,642,275	20,729,404	4,225,134	4,740,319	205,607	47,542,739
Gross profit	1,513,691	1,515,668	160,977	286,730	12,496	3,489,562

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(continued)*

The following discussion addresses the principal trends that have affected our results of operations during the Reporting Period.

(a) Revenue

Revenue decreased to RMB39,286.5 million for the Year when compared to RMB47,542.7 million for the Last Year.

Revenue from the coke and coking chemicals manufacturing business decreased by RMB4,127.2 million, or 23.4%, from RMB17,642.3 million for the Last Year to RMB13,515.1 million for the Year. This was mainly due to: 1. the price of ferrous industry chain has been on declining phase since 2022, showing clear signs of the bottom-out price level at 2025; 2. the supply of coking chemicals was relatively loosened with the 4.4% period-on-period decrease of crude steel production volume (960.81 million tons) for the year, the coke production volume increase by 2.9% to 504.12 million tons. With the demand for coke decreased while the production volume grew, the coke price for the year declined by a larger extent; 3. the steel price for the year decreased by 8.8% despite the demand for steel material was boosted by infrastructure, equipment manufacturing, steel structures, new energy vehicles and photovoltaic, since it was under the influence of real estate's lower demand for steel material.

Revenue from the refined chemicals manufacturing business decreased by RMB2,932.9 million, or 14.1%, from RMB20,729.4 million for the Last Year, to RMB17,796.5 million for the Year. This was mainly due to "strong supply and weak demand" and price of chemicals product dropped across the board by 6.6%-26.1% year-on-year. The main reasons were: 1. Crude oil was the basic raw

material for the chemicals industry, resulting in the continuous downturn for prices of many chemical products downstream, especially for caprolactam and styrene. 2. Large-scale chemicals projects planned in the previous years commenced operation in the Year and added new chemicals production capacity, which make the supply and demand of chemicals imbalance with oversupply of chemicals in market. 3. The international trade market was affected by the Sino-US trade dispute and escalating tariffs, resulting in continued weak overseas demand to Chinese products as well as their raw materials, such as chemicals.

Revenue from operations management services decreased by RMB2,421.0 million, or 57.3%, from RMB4,225.1 million for the Last Year, to RMB1,804.1 million for the Year. This was mainly due to the completion of the management agreements for three operation management projects, resulting in a year-on-year revenue decrease of RMB1,600 million. Meanwhile, revenue from operation management project in Jilin Province decreased by RMB800 million due to price declines in Aniline.

Revenue from trading business increased by RMB1,215.7 million, or 25.6%, from RMB4,740.3 million for the Last Year, to RMB5,956.0 million for the Year. This was mainly due to an increase of 1.55 million tons in the Group's trading volume for the Year.

Other business increased by RMB9.2 million or 4.5% from RMB205.6 million for the Last Year to RMB214.8 million for the Year. This was mainly due to a decrease of RMB90.5 million in sales revenue from residential properties in the real estate business compared to the same period last year, and an increase of RMB106.2 million in rental income from Risun Plaza compared to the Last Year.

FINANCIAL REVIEW *(continued)*

(b) Cost of sales

Cost of sales decreased to RMB36,222.2 million for the Year, compared to RMB44,053.2 million for the Last Year.

Cost of sales for the coke and coking chemicals manufacturing business decreased by RMB4,285.0 million, or 26.6%, from RMB16,128.6 million for the Last Year, to RMB11,843.6 million for the Year, mainly due to a decline in upstream coking coal prices, resulting in a corresponding reduction in coal blending costs.

Cost of sales for the refined chemicals manufacturing business decreased by RMB2,222.8 million, or 11.6%, from RMB19,213.7 million for the Last Year, to RMB16,990.9 million for the Year, mainly due to market price fluctuations, with raw material prices for various production lines decreasing to varying degrees compared to the Last Year.

Cost of sales for operation management services decreased by RMB2,349.1 million, or 57.8%, from RMB4,064.1 million for the Last Year, to RMB1,715.0 million for the Year, primarily due to the completion of three management agreements, resulting in lower costs year-on-year.

Cost of sales for trading business increased by RMB1,112.5 million, or 25.0%, from RMB4,453.6 million for the Last Year, to RMB5,566.1 million for the Year, mainly due to increased trading volume leading to higher costs.

Cost of sales for other business decreased by RMB86.5 million, or 44.8%, from RMB193.1 million for the Last Year, to RMB106.6 million for the Year, primarily due to lower costs in the real estate business compared to the Last Year.

(c) Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB425.3 million, or 12.2%, from approximately RMB3,489.6 million for the Last Year to approximately RMB3,064.3 million for the Year. The gross profit margin increased from 7.3% for the Last Year to 7.8% for the Year.

The gross profit from the coke and coking chemicals manufacturing business increased by RMB157.8 million, or 10.4%, from RMB1,513.7 million for the Last Year to RMB1,671.5 million for the Year. The gross profit margin from the coke and coking chemicals manufacturing business increased from 8.6% for the Last Year to 12.4% for the Year. This was mainly due to the effectiveness of the Group's cost reduction and efficiency improvement policies, as well as compliance of environmental protection investments with national policies, and changes in accounting estimates for the depreciation period of certain assets, resulting in a decrease in depreciation expenses, an increase in gross profit, and an increase in gross profit margin.

Gross profit from the refined chemicals manufacturing business decreased by RMB710.1 million, or 46.8%, from RMB1,515.7 million for the Last Year, to RMB805.6 million for the Year. The gross profit margin of the refined chemicals manufacturing business decreased from 7.3% for the Last Year to 4.5% for the Year, mainly due to tighter price spreads in the caprolactam product line and styrene product line, leading to a decrease in both gross profit and gross profit margin. Benefiting from the rigid cost advantage brought about by the process of coke oven gas-produced methanol, methanol production line can still retain an approximate 17% gross profit margin. As the by-product, ammonium sulfate benefited from the robust demand for agricultural nitrogenous fertilizer, and its contribution to the increase in gross profit as a result.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(continued)*

(c) Gross profit and gross profit margin *(continued)*

Gross profit of trading segment increased by RMB103.2 million, or 36.0%, from RMB286.7 million for the Last Year, to RMB389.9 million for the Year, primarily due to the increase of trading business volume which resulted in the increase of gross profit.

Gross profit from the operation management services decreased by RMB71.9 million, or 44.7%, from RMB161.0 million for the Last Year, to RMB89.1 million for the Year. The gross profit margin of the operation management services increased from 3.8% for the Last Year to 4.9% for the Year, mainly due to the completion of the management agreements for three operation management projects and a tightening of price spreads, resulting in a decrease in both gross profit.

Gross profit from other business increased by RMB95.7 million, or 766.2%, from RMB12.5 million for the Last Year, to RMB108.2 million for the Year. The gross profit margin increased from 6.1% to 50.4% for the Year. This was mainly due to the addition of leasing business in Risun Plaza during the Year, which led to the increase in gross profit margin.

(d) Other income

The Group's other income mainly includes interest income, sales income of production waste, value-added tax concessions and government grants received from various government agencies as subsidies for the Group's contribution to environmental protection, energy conservation and recycling of resources, relocation, purchase of land use rights and infrastructure construction.

Other income increased by RMB69.9 million or 11.9% from RMB586.1 million for the Last Year to RMB656.0 million for the Year, mainly due to an increase of RMB151.6 million in government subsidies and a decrease of RMB 92.2 million in interest income when compared to that for the Last Year.

(e) Other gains and losses

During the Year, the Group's other gains and losses amounted to RMB375.4 million, primarily due to the following reasons:

- 1) Certain construction parties agreed to enter into a debt restructure arrangement to expedite project settlement and receipt of payment, resulting in a debt restructuring gain of RMB231.5 million;
- 2) To focus on core business development and recover funds to support investment in main business, the Company conducted a centralized review and revitalization of assets. Through the orderly disposal of right of use assets, gains of RMB30.6 million were realized, and through disposal of non-core subsidiary, gains of RMB33.8 million were obtained;
- 3) Gain on insurance claims of RMB45.0 million;
- 4) the Group reasonably assessed and accrued asset impairment provisions of RMB15.8 million for fixed assets showing signs of impairment. Simultaneously, affected by macroeconomic market environment and industry cycle fluctuations, the Group incurred a fair value change loss of RMB13.2 million on investment properties.

FINANCIAL REVIEW *(continued)*

(f) Impairment (recognized) reversed under ECL model, net

The amount for the Year primarily includes the reversal of impairment losses on previously recognized trade receivables. This amount decreased by 93.5% from RMB61.6 million reversed for the Last Year, to RMB 4.0 million reversed for the Year.

(g) Selling and distribution expenses

Selling and distribution expenses decreased by RMB56.1 million, or 3.8%, from RMB1,488.9 million for the Last Year to RMB1,432.8 million for the Year. This was mainly due to:

- 1) Improvements in the Group's maritime vessel management, resulting in increased loading and unloading efficiency, reduced vessel waiting times, and lower demurrage fees, leading to a reduction of RMB21.1 million in port fees;
- 2) Optimization of railway transportation methods and improved efficiency in entering and leaving the factory, reducing delay costs, resulting in a reduction of RMB11.5 million in railway operating expenses;
- 3) Optimization of personnel structure, resulting in a reduction of RMB20.4 million in employee costs.

(h) Administrative expenses

The Group's administrative expenses increased by approximately RMB1.6 million or 0.1% from approximately RMB1,142.8 million for the Last Year to approximately RMB1,144.4 million for the Year, remaining generally consistent with the Last Year.

(i) Finance costs

Financing costs mainly include bank loan interest expenses, other loan interest expenses, and financial expenses related to discounted notes receivable. The Group's financial costs decreased by RMB19.9 million, or 1.4%, from RMB1,410.4 million for the Last Year to RMB1,390.5 million for the Year. This was mainly due to:

- 1) Although the Company's bank borrowings increased year-on-year during the Reporting Period, the overall borrowing rates declined due to market conditions and financing policies, resulting in a limited increase in overall interest expenses of only RMB6.9 million;
- 2) The new borrowings were mainly used for engineering construction, with a capitalization increase of RMB26.8 million,

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(continued)*

(j) Share of results of associates

Share of revenue of associates of RMB13.6 million was primarily the result of the salient cost advantage of the coke oven gas-produced methanol process and the continuously optimistic outlook of methanol industry. Hebei Jinniu Risun Chemicals Limited has contributed a gain of RMB46.6 million. Yangmei Group Shouyang Jingfu Coal Co., Ltd. experienced a loss of RMB19.4 million; Kinxiang New Energy Technology Co., Ltd experienced a loss of RMB21.3 million.

(k) Share of results of joint ventures

Share of revenue of joint ventures of RMB37.7 million were mainly the contribution of RMB34.6 million from Hebei China Coal Risun Energy Limited.

(l) Profit before taxation

As a result of the above factors, profit before tax increased by approximately RMB73.8 million or 67.5% from approximately RMB109.4 million for the Last Year to approximately RMB183.2 million for the Year.

(m) Income tax expense

The Group incurred income tax expenses of RMB11.6 million and RMB48.6 million for the Last Year and the Year, respectively, with effective tax rates of 10.6% and 26.5%. The increase in income tax expenses was mainly due to an increase in income tax expense of RMB18.5 million resulting from an increase in profit before taxation, and an increase in income tax expense of RMB13.7 million resulting from a decrease in non-taxable income.

(n) Profit for the year

For the Year, the Group recorded a net profit of RMB134.7 million, an increase of RMB36.9 million or 37.7% compared with a net profit of RMB97.8 million for the Last Year.

(o) Earnings per share – Basic

Basic earnings per share were RMB1.3 cents and RMB0.5 cents for the Year and the Last Year respectively. The increase in basic earnings per share was mainly due to the increase in net profit for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily uses cash to fund operating costs, capital expenditures and repayment of debts in the PRC. To date, the Group has principally funded the investments and operations through cash generated from operations and debt financing from banks and other financial institutions. The Group believes that the liquidity requirements will be satisfied through a combination of cash flows generated from the operating activities, bank loans and other borrowings, and the net proceeds from its fund-raising activities. Any significant decrease in the demand for, or pricing of, the products and services, or a significant decrease in the availability of bank loans, may adversely impact the liquidity. As at December 31, 2025, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in RMB and deposits denominated in RMB that are readily convertible into cash.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES *(continued)*

The following table sets forth the cash flows for the periods indicated:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Net cash generated from operating activities	3,464,900	1,436,267
Net cash used in investing activities	(3,405,873)	(3,643,745)
Net cash (used in)/generated from financing activities	(570,235)	3,050,875
Net (decrease)/ increase in cash and cash equivalents	(511,208)	843,397
Cash and cash equivalents at the beginning of the year	2,087,992	1,239,270
Effect of foreign exchange rate changes	2,040	5,325
Cash and cash equivalents at the end of the year	1,578,824	2,087,992

(a) Net cash generated from operating activities

During the Year, the net cash flow from operating activities was approximately RMB3,464.9 million, an increase of approximately RMB2,028.6 million compared to the Last Year. This was mainly due to the Group's continued efforts to strengthen the management of trade and other receivables collection, accelerate cash recovery, and effectively improve the level of cash flow from operating activities.

(b) Net cash used in investing activities

During the Year, the net cash used in investing activities decreased to approximately RMB3,405.9 million from approximately RMB3,643.7 million for the Last Year, mainly due to a decrease of RMB256 million in expenditures on the construction of fixed assets during the Reporting Period.

(c) Net cash used in/generated from financing activities

During the year, the net cash outflow from financing activities was RMB570.2 million, compared to a net cash inflow of RMB3,050.9 million for the Last Year. This was mainly due to in line with the company's operational pace and capital structure optimization needs, the scale of new financing this period decreased by RMB1,589.8 million compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

(a) Borrowings

Most of our borrowings are denominated in RMB. The following table shows our bank borrowings as of the dates indicated:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Bank loan, secured	8,464,583	10,290,136
Bank loan, unsecured	13,487,167	9,846,666
	21,951,750	20,136,802
Other loans, secured	5,513,530	4,828,736
Other loans, unsecured	511,689	704,250
	6,025,219	5,532,986
Discounted bills financing	6,449,439	4,702,122
Total	34,426,408	30,371,910

	2025		2024	
	RMB in million	%	RMB in million	%
Fixed rate bank and other borrowings	24,437.0	1.70~8.50	18,681.6	1.70 ~ 8.50
Floating rate bank and other borrowings	9,989.4	2.65~8.50	11,690.3	2.66 ~ 8.50
Total	34,426.4		30,371.9	

Total borrowings increased by approximately RMB4 billion, or 13.2%, from RMB30.4 billion at the end of the Last Year, to approximately RMB34.4 billion at the end of the Year, primarily due to an increase in bank loans and bill discounting.

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS *(continued)*

(a) Borrowings *(continued)*

The borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2025 <i>RMB in million</i>	2024 <i>RMB in million</i>
USD	622.8	620.3

(b) Lease liabilities

The Group had the following total future minimum lease payments as of the dates indicated:

	As at December 31,	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease liabilities	2,134	3,574

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, the Group did not have any significant outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. The Group does not engage in trading activities involving non-exchange traded contracts. In the course of its business operations, the Group has not entered into transactions with, or otherwise established relationships with, unconsolidated entities, or with financial counterparties established for the purpose of facilitating off-balance sheet arrangements or other narrowly defined or limited contractual purpose.

PLEDGES OF ASSETS

During the Year, the Group's certain assets were pledged as security for bank and other loans, bills payable and other financing facilities granted to the Group. Details of pledge of the Group's assets are disclosed in note 45 to the consolidated financial statements in this report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group maintained some of the capital denominated in foreign currency, mainly U.S. dollar, Japanese Yen and Hong Kong dollar. Fluctuations in exchange rate would influence the reserve in foreign currencies to a certain extent, and the Company is exploring and taking measures to address to foreign exchange risk. As the exchange differences arising from the translation of foreign operations during the Year were credited to the foreign currency transaction reserve, the Company's exposure to fluctuations in exchange rates is limited.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS

On October 31, 2025, Risun Group, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Xingtai Xuyang New Energy Technology Co., Ltd.* (邢台旭陽新能源科技有限公司) (“**Xuyang New Energy**”), an indirect wholly-owned subsidiary of Xuyang Holding, which is wholly owned by Mr. Yang Xuegang and his spouse, Ms. Lu Xiaomei, pursuant to which Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in Xingtai Risun Material for a consideration of RMB54.6862 million.

Save as disclosed in this report, there were no other significant investments held, no material acquisition or disposal of subsidiaries, associated companies and joint ventures during the Year and up to the date of this report. As at December 31, 2025, the Board has not authorized any plan for other significant investments or additions of capital assets.

CONTINGENT LIABILITIES

As at December 31, 2025, the maximum liabilities of the Group under guarantees in favor of banks in respect of banking facilities granted to joint ventures and associates were RMB6,640.8 million (as at December 31, 2024: RMB5,727.6 million).

REPORT OF THE BOARD OF DIRECTORS

The Board hereby presents their report together with the Consolidated Financial Statements for the year ended December 31, 2025 to the Shareholders.

BUSINESS REVIEW

OPERATING ENVIRONMENT AND PROSPECTS

A review of the business of the Group during the Year, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development, and a description of possible risks and uncertainties that the Group may face are provided in the "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 6 and pages 20 to 42 of the annual report respectively. The financial risk management objectives and policies of the Group can be found in Note 42 to the Consolidated Financial Statements.

LAWS, REGULATORY AND COMPLIANCE MATTERS

Directors have confirmed that during the Reporting Period, the Group had complied with the applicable laws and regulations in all material respects, and did not have any incidents of material non-compliance, and had obtained all relevant permits, approval documents, qualifications, authorizations and approvals upon examination material to the business operations of the Group.

SIGNIFICANT SUBSEQUENT EVENTS

There were no significant events affecting the Company or any of its subsidiaries that took place subsequent to December 31, 2025.

RELATIONSHIP WITH EMPLOYEES

The Group recruits new employees based on specific job requirements, our resources and needs from time to time. The Group provides technical as well as operational training for our employees and the Group has tailored specific courses for our management personnel in order to build a competent team.

As of December 31, 2025, the Group had 7,131 full-time employees (as at December 31, 2024: 7,389). Most of the Group's senior management members and employees are based in Beijing and Hebei province.

The Group entered into a standard employment contract with each of the full-time employees. Compensation for the employees includes basic wages, variable wages, bonuses, share-based payments and other benefits. For the years ended December 31, 2025 and 2024, the staff costs were RMB1,217.2 million and RMB1,269.7 million, respectively.

The Company's remuneration policy was formulated by the Remuneration Committee on the basis of the employees' performance, qualifications and competence. The emoluments of the Directors are set by the Remuneration Committee, having regard to among others, salaries paid by comparable companies as well as time commitment and responsibilities and employment conditions of the Group.

None of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

The Group has adopted the Share Option Scheme and Share Award Plan to motivate and reward its Directors, employees and eligible participants. For further details, please refer to the sections headed "Report of the Board of Directors – Share Option Scheme" and "Report of the Board of Directors – Share Award Plan" of this report.

REPORT OF THE BOARD OF DIRECTORS

BUSINESS REVIEW *(continued)*

RELATIONSHIP WITH EMPLOYEES *(continued)*

During the Reporting Period, the Group had not experienced any interruptions to the operations caused by major labor disputes and there were no complaints or claims from our employees which had a material adverse effect on our business. The Directors believe that the Group have a good relationship with the employees. During the Reporting Period, the Group had no major labor disputes which might produce significant impact of the normal business and operation of the Group.

RELATIONSHIP WITH CUSTOMERS

The Group sells the coke primarily to customers in the iron and steel industry in the PRC, exports a portion to overseas customers and sells the coke to overseas customers manufactured at Sulawesi Production base in Indonesia. The Group sells the refined chemicals primarily to manufacturers and traders in the chemical industry in the PRC and exports a portion to overseas customers. The end customers may purchase directly from the Group or purchase through their affiliated trading arms. The customers for trading business are primarily companies in the iron and steel, non-ferrous, coking and chemical industries. During the Reporting Period, the Group did not adopt any distributorship business models in selling the products.

The Group maintains long-term cooperative relationships with the major customers. Some of them have maintained business relationships with the Group for more than five years, of which the customer with the longest relationship has maintained a business relationship with us for 20 years. Furthermore, we have entered into long-term framework agreements with certain of our customers. The products supplied under such long-term framework agreements mainly include coke, benzene, caprolactam and methanol.

During the Reporting Period, the revenue attributable to the Group's top five largest customers was approximately RMB5,669.7 million, accounting for 14.4% of the total revenue of the Group (2024: RMB6,531.3 million or 13.7%). The revenue attributable to the single largest customer was approximately RMB1,358.5 million, accounting for approximately 3.5% of the total revenue of the Group (2024: RMB1,627.5 million or 3.4%). The top five customers of the Group during the Reporting Period were independent third parties, and none of our Directors, their associates or any Shareholder (who, to the knowledge of our Directors, owned more than 5% of the Company's share capital as of December 31, 2025) had any interest in any of the top five largest customers of the Group during the Reporting Period.

RELATIONSHIP WITH SUPPLIERS

The principal raw material used for the coke and coking chemical production is coking coal. The Group mainly sources the coking coal from external suppliers. The major types of coking coal the Group purchased included hard coking coal, fat coal, gas coal, 1/3 coking coal and lean coal. The Group purchased a large proportion of the coking coal from suppliers in Shanxi Province and Hebei Province, China. If overseas coking coal is more competitively priced than domestic coking coal, the Group will source coking coal from countries such as Mongolia and Australia.

For the production of the refined chemicals, the principal raw materials are coking chemicals, which include crude benzene, coal tar and coke oven gas. Coking chemicals are by-products in the coking process. The Group mainly sources such raw materials externally from the suppliers of the Group, but also sources a portion of such raw materials by utilizing by-products from the coke production facilities at Dingzhou Production Base, Yuncheng Production Base, Huhhot Production Base and from CNC Risun Coking at Xingtai Production Base.

BUSINESS REVIEW *(continued)*

RELATIONSHIP WITH SUPPLIERS *(continued)*

The Group generally enters into annual procurement arrangements with key suppliers. These supply arrangements specify the indicative quantities of raw materials that the Group plans to purchase in the relevant period and are subject to separate purchase orders to confirm delivery. The suppliers typically granted the Group credit terms of 30 to 90 days. Pursuant to these arrangements, the procurement department purchases the required raw materials from suppliers in accordance with production plans prepared by the production department. Generally, purchase prices are based on prevailing market prices at the time of delivery of the raw materials. The Group makes and implements our raw material procurement plans in line with the production plans which are primarily based on periodical review of customers' orders in order to reduce the Group's exposure to market price fluctuations of raw materials. The internal market analysis reports generated by the market department also provide us with a basis for determining procurement prices.

The Group has a broad base of suppliers and do not depend on any single supplier. For instance, the Group procured coking coals from over 100 suppliers in the PRC and overseas during the Reporting Period. A broad base of suppliers enables the Group to procure a wide range of quality raw materials at competitive prices. Though the Group did not enter into any long-term agreements with our suppliers of raw materials, the Group maintained long-term cooperative relationships with the key suppliers. Some of them have maintained business relationships with the Group for more than five years.

The subsidiaries of the Group engaged in the production business have passed the ISO 9001:2015 Quality Management System standard which imposes detailed supplier selection and assessment procurement. The selection and assessment of the suppliers include:

- the quality and specifications of the raw materials they offer;

- the size and locality of their operations; and
- their past transaction records and terms of trade with the Group.

During the Reporting Period, the purchases from the Group's top five suppliers were approximately RMB9,227.3 million, accounting for approximately 25.5% of the cost of sales of the Group (2024: RMB9,129.0 million or 20.7%). The purchases from the single largest supplier were approximately RMB3,245.9 million, accounting for approximately 9.0% of the cost of sales of the Group (2024: RMB3,475.3 million or 7.9%). Except for CNC Risun Coking disclosed in Note 22 to the Consolidated Financial Statements, the top five largest suppliers of the Group are independent third parties, and none of Directors, their associates or any Shareholder (to the knowledge of Directors, owned more than 5% of the Company's share capital as of December 31, 2025) had any interest in any of the top five largest raw material and equipment suppliers during the Reporting Period.

During the Reporting Period, the Group did not experience any material shortages or delays in the supply of the raw materials, and the Group does not foresee any material shortages or delays in the procurement of raw materials in the future. The Group closely monitors the inventory levels of the raw materials, and the Group adjusts the procurement volumes accordingly in anticipation of periods in which the Group may encounter raw material supply shortages or product demand increases.

BUSINESS PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended December 31, 2025 are stated on page 85 of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The financial positions of the Company and its subsidiaries as at December 31, 2025 are stated on page 87 of the Consolidated Statement of Financial Position. The consolidated cash flows of the Company and its subsidiaries for the year ended December 31, 2025 are stated on page 91 of the Consolidated Statement of Cash Flow.

REPORT OF THE BOARD OF DIRECTORS

BUSINESS PERFORMANCE *(continued)*

The discussion and analysis on the Group's business performance and financial position for the Year and the Group's future business development, and a description of possible risks and uncertainties that the Group may face are stated under "Management Discussion and Analysis" on pages 20 to 42 of this annual report.

SHARE CAPITAL

As of December 31, 2025, the total issued share capital of the Company was HK\$445,418,600 divided into 4,454,186,000 Shares of HK\$0.1 each. As of December 31, 2025, the Company had 180,074,000 Treasury Shares and intended to resell these Treasury Shares on the Stock Exchange for cash or use them in employees' share scheme in the future.

During the Reporting Period, the Company repurchased 80,253,000 Shares of the Company at the total consideration of approximately of HK\$196,822,000 on the Stock Exchange. All of the Shares repurchased during the Reporting Period were held as Treasury Shares. The Company did not cancel any repurchased Shares during the Reporting Period. The Share repurchases reflect the Company's confidence in its business prospects and long-term development strategies. The Board considers that the Share repurchases are in the best interests of the Company and the Shareholders as a whole.

Details of movements in the Company's share capital (including a monthly breakdown of Share repurchases) during the Reporting Period are set out in note 35 to the Consolidated Financial Statements.

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

Other than the repurchase of Shares disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's securities (including sale of Treasury Shares) during the Reporting Period.

FUTURE PLANS AND USE OF PROCEEDS

The Company placed 52,000,000 new Shares at the placing price of HK\$3.00 per Share to not less than six placees, all of whom/which are professional, institutional and/or individual investors, through a top-up share placement (the "Placing") in December 2024. The closing price per Share was HK\$3.41 as quoted on the Stock Exchange on December 17, 2024, being the last full trading day immediately prior to the date of the placing and subscription agreement.

The net proceeds from the Placing were approximately HK\$153.6 million. During the Reporting Period, the net proceeds had been applied according to the intended use previously disclosed by the Company as follows:

	Proposed use of net proceeds (HK\$ million)	Actual use of net proceeds during the Year (HK\$ million)	Unused net proceeds as at December 31, 2025 (HK\$ million)	Estimated timetable
Optimization of financial structure	76.8	–	–	–
General working capital	76.8	12.8	–	–
Total	153.6	12.8	–	–

The Placing can help the Company seize the market opportunity to achieve a constant and stable improvement in the Group's results. In addition, the Placing will further enlarge the Shareholders' equity base, optimize the capital structure of the Company, strengthen the financial position and liquidity of the Group and provide support and flexibility for the development of the Group.



REPORT OF THE BOARD OF DIRECTORS

DEBENTURE ISSUED

The Group has not issued any debentures during the Reporting Period.

PRE-EMPTIVE RIGHT TO ACQUIRE

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

RESERVE

The details in relation to the changes in the reserve of the Company for the Year are stated under Note 36 of the Consolidated Financial Statements. The details in relation to the reserve available for distributing to the Shareholders are stated under Note 36 of the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment consist mainly of machinery and equipment. The Group purchased machinery and equipment mainly with cash from operations and debt financing from banks and other financial institutions. Machinery and equipment are primarily the various types of machineries and equipment at the Group's production site at the seven production bases in China, including Xingtai Production Base, Dingzhou Production Base, Tangshan Production Base, Cangzhou Production Base, Huhhot Production base, Yuncheng Production Base and Dongming Production Base together with the Sulawesi Production Base in Indonesia.

As of December 31, 2025, the Group's property, plant and equipment amounted to approximately RMB27,991.9 million, with a year-to-year growth of 0.6%. This was mainly because of the addition of RMB2,109.6 million in property, plant and equipment, the disposal and write-off in property, plant and equipment with carrying amounts of RMB79.6 million and partially offset by the depreciation of RMB1,854.0 million.

DIVIDENDS AND DIVIDEND POLICY

After obtaining the Shareholders' approval at the 2024 annual general meeting on May 30, 2025, the Company paid a special dividend of RMB2.22 cents per Share (tax inclusive) for the year ended December 31, 2024 in cash to Shareholders whose names appeared on the register of members of the Company on June 13, 2025, and the special dividend was fully paid on June 30, 2025.

On August 29, 2025, the Board declared an interim dividend for 2025 of RMB0.2 cents per Share (tax inclusive) in cash to its Shareholders whose names appeared on the register of members of the Company on September 18, 2025. The interim dividend was fully paid on September 30, 2025.

REPORT OF THE BOARD OF DIRECTORS

DIVIDENDS AND DIVIDEND POLICY

(continued)

In view of the operating results of the Year, the recent development of China and the world's economy, the Group's future development needs as well as the Reform and the Development stated under "Management Discussion and Analysis" in this annual report, the Board determined a final dividend for 2025 of RMB0.19 cents per Share, with a total dividend amount of RMB8,130,000 for the Reporting Period, representing no less than 30% of the Group's net profit attributable to owners of the Company for the Year. By aggregating the dividends paid since March 2019, the total amount of dividends per Share was RMB0.79690 or HK\$0.91776, representing a return of 32.8% on the offering price of HK\$2.80 per Share at an initial public offering in March 2019.

The final dividend for 2025 will be subject to the Shareholders' approval in the forthcoming AGM and is expected to be paid on or before June 30, 2026. Further announcements will be made by the Company in due course regarding the details of the date of dividend distribution and other specific arrangement.

The recommendation of payment and the amount of any future dividends will be at the absolute discretion of the Board and the amount of any dividends actually distributed to the Shareholders of the Company will depend on the Group's results of operations, cash flows, financial condition, payments by the Group's subsidiaries of cash dividends to the Company, the future prospects and other factors that the Directors consider important. The Group expects to distribute no less than 30% of the Group's annual distributable earnings in every subsequent year as dividends.

BANK AND OTHER LOANS

The details in relation to the bank and other loans of the Company and its subsidiaries as of December 31, 2025 are stated under Note 32 of the Consolidated Financial Statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$7.7 million.

On November 26, 2025, a severe fire broke out at Wang Fuk Court in Tai Po, New Territories, Hong Kong. The Group expressed its deepest concern for the disaster and extended its sincerest condolences and heartfelt sympathies to the affected residents by donating HK\$1 million through the designated donation account of the Government of the Hong Kong SAR.

The Group hopes that this donation will help the affected residents overcome their difficulties and convey the warmth and support of the society of Hong Kong. The Group consistently upholds its social responsibility and is committed to giving back to society.

DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors currently consists of nine Directors, among whom, six are Executive Directors and three are Independent Non-executive Directors. The Directors have been appointed with a term of three years, after which they may be re-elected.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS AND SENIOR MANAGEMENT *(continued)*

The information regarding the Company's Directors during the Reporting Period and as at the date of this report are set out as follows:

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Yang Xuegang	61	Executive Director, chairman of the Board and chief executive officer	Overall management and Business development of the Group	November 8, 2007	May 12, 1995	Husband of Ms. Lu Xiaomei and father of Mr. Yang Lu
Ms. Lu Xiaomei	62	Executive Director	Human Resources Management of the Group	April 1, 2024	November 8, 2007	Wife of Mr. Yang Xuegang and mother of Mr. Yang Lu
Mr. Li Qinghua	62	Executive Director and executive president of the Group	Overall management of all production base and management of procurement and sales of the Group	April 1, 2024	November 1, 2004	N/A
Mr. Han Qinliang	52	Executive Director and senior vice president of the Group	Management of the financial, accounting, capital markets and information systems of the Group	May 18, 2011	March 1, 2004	N/A
Mr. Wang Nianping	63	Executive Director and senior vice president of the Group	Legal and risk management of the Group	September 29, 2018	February 22, 2011	N/A
Mr. Yang Lu	35	Executive Director and vice president of the Group	Management of the import, export and domestic trading as well as the refined chemicals business of the Group	September 29, 2018	November 1, 2013	Son of Mr. Yang Xuegang and Ms. Lu Xiaomei
Dr. Yu Kwok Kuen Harry	56	Independent Non-executive Director	Oversight of the compliance and corporate governance matters of the Group and provision of independent advice to the Board	September 29, 2018	September 29, 2018	N/A

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Wang Yinping	65	Independent Non-executive Director	Same as above	September 29, 2018	September 29, 2018	N/A
Dr. Liu Xiaofeng	63	Independent Non-executive Director	Same as above	October 10, 2024	October 10, 2024	N/A

The information regarding the Company's senior management are set out as follows:

Name	Age	Position	Roles and Responsibilities	Appointment Date	Date of Joining the Group	Relationship with other Directors and Senior Management
Mr. Zhang Yingwei	54	Senior vice president of the Group	Management of the strategic investments, production and engineering of the Group	July 24, 2009	February 5, 1996	N/A
Mr. Ho Pui Lam Joseph	45	Chief financial officer and company secretary	Management of finance, capital markets, corporate governance and company secretarial matters, participation in the making of material business decisions and development of the business strategy	September 29, 2018	September 20, 2017	N/A

The Company has received the confirmation of the independence issued by the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules and is of the opinion that all Independent Non-executive Directors are independent of the Company.

REPORT OF THE BOARD OF DIRECTORS

CHANGES TO THE INFORMATION OF DIRECTORS

During the Reporting Period and up to the Latest Practicable Date, changes in Directors and/or their biographical details are as follows:

Dr. Liu Xiaofeng has been acting as an independent non-executive director of Anjoy Foods Group Co., Ltd. since July 2025 and independent director of ICBC UBS Asset Management Company Limited since October 2025.

Moreover, Dr. Liu Xiaofeng has ceased to act as an independent non-executive director of Kunlun Energy Company Limited since May 2025 and an independent non-executive director of Sunfonda Group Holdings Limited since December 2025.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors of the Company has entered into a service contract with the Company or any of its subsidiaries that may not be terminated by the employer within one year without the payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The details of the remuneration of the Company's Directors and five highest paid individuals are stated under Note 12 in the Consolidated Financial Statements. The range of remuneration of the senior management are as follows:

Range of Remuneration (HK\$)	Number of Senior Management
0-1,000,000	2
1,000,001-1,500,000	1
2,500,001-3,000,000	1
6,000,001-6,500,000	1

INTERESTS OF DIRECTORS (AND THEIR CONNECTED ENTITIES) IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the continuing connected transactions between the Group and Xuyang Holding and the connected transaction between the Group and Xuyang New Energy, as disclosed in the subsections headed "Continuing Connected Transactions" and "Connected Transaction" below, and the related parties transactions between the Group and the entities controlled by Mr. Yang Xuegang as disclosed in Note 40 of the Consolidated Financial Statements, none of the Directors (and their connected entities) is or was materially interested, directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company or the Controlling Shareholders or any of their respective subsidiaries at any time during the Reporting Period or subsisted at the end of the Reporting Period.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors nor their associates had any competing interests in such business that is in direct or indirect competition with any of the Group's business.

THE INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as of December 31, 2025, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS

THE INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Name of Directors	Capacity/Nature of Interest	Number of Shares	Number of underlying Shares ⁽²⁾	Approximate percentage of the total issued share capital in the Company
Mr. Yang ⁽¹⁾	Interest in controlled corporation	3,362,984,928 (L)	–	75.50%
Ms. Lu Xiaomei	Interest of spouse	3,362,984,928 (L)	–	75.50%
Mr. Yang Lu	Beneficial interest	6,230,000 (L)	–	0.14%
Mr. Li Qinghua	Beneficial interest	349,000 (L)	300,000 (L)	0.01%
Mr. Han Qinliang	Beneficial interest	300,000 (L)	200,000 (L)	0.01%
Mr. Wang Nianping	Beneficial interest	–	200,000 (L)	0.00%

(L) denotes long positions

Notes:

- (1) Texson is wholly-owned by Mr. Yang. It directly held 3,182,910,928 Shares, and was deemed to be interested in 180,074,000 Treasury Share held by the Company as at December 31, 2025. Accordingly, Mr. Yang is deemed to be interested in the Shares held by Texson.
- (2) This represents the Shares underlying the Awards (as defined below under the subsection headed “Share Award Plan”) granted under the Share Award Plan, subject to the conditions (including vesting conditions) of those Awards.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES

So far as is known to the Directors of the Company, as of December 31, 2025, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the Shares, or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the total issued share capital in the Company
Texson	Beneficial interest	3,182,910,928 (L)	71.46%
	Interest of a controlled corporation	180,074,000 (L)	4.04%

(L) denotes long positions

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES *(continued)*

Notes: (1) Save as disclosed above, as of December 31, 2025, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

(2) Texson directly held 3,182,910,928 Shares, and was deemed to be interested in 180,074,000 Treasury Share held by the Company as at December 31, 2025.

SHARE OPTION SCHEME

On February 21, 2019 (the “**Adoption Date**”), the shareholders adopted the Share Option Scheme. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

PURPOSE

The purpose of the Share Option Scheme is to provide incentives to Participants (as defined in the following paragraph) to contribute to the Company and motivate them to higher levels of performance, and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group.

WHO MAY JOIN

The Board may, at its absolute discretion, offer options (the “**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any employee, executive director or non-executive director (including independent non-executive director) of any member of the Group (the “**Participants**”).

MAXIMUM NUMBER OF SHARES

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 400,000,000 Shares. The total number of Shares available for issue under the Share Option Scheme represented approximately 9.35% of the total number of issued Shares (excluding Treasury Shares) as at the date of this report.

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of Options in excess of the 1% limit will be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting.

Where any grant of Options to a substantial Shareholder or an Independent Non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options will be subject to the issue of a circular by the Company and approval by the Shareholders in general meeting at which all connected persons of the Company must abstain from voting in favor at such general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

REPORT OF THE BOARD OF DIRECTORS

SHARE OPTION SCHEME *(continued)*

PERFORMANCE TARGET AND CONDITIONS FOR VESTING

No performance targets are to be achieved before an Option can be exercised.

AMOUNT PAYABLE FOR OPTIONS AND OFFER PERIOD

An offer of the grant of an Option shall remain open for acceptance by a Participant for a period of no more than 28 days after the date on which an Option is offered to the Participant (the “**Acceptance Date**”). An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter constituting acceptance of the offer of the grant of the Option duly signed by the Participant together with a remittance in favor of the Company of HK\$1.00 (or such equivalent in other currency as the Board may specify) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance shall in no circumstances be refundable.

SUBSCRIPTION PRICE

The price per Share at which a grantee may subscribe for Shares on the exercise of an Option shall be a price determined by the Board in its absolute discretion and notified to a Participant, which shall be at least the higher of:

- (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange’s daily quotations sheet on the relevant offer date in respect of such Option;
- (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the relevant offer date in respect of such Options or where the Company has been listed for less than five trading days, the new issue price shall be used as the closing price; or
- (iii) the nominal value of the Shares.

EXERCISE OF OPTIONS

An Option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) in the manner as set out in the Share Option Scheme by the grantee (or his legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the auditors pursuant to the Share Option Scheme, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s) or his nominee) credited as fully paid and issue to the grantee (or his legal personal representative(s) or his nominee) a share certificate in respect of the Shares so allotted.

SHARE OPTION SCHEME *(continued)*

LIFE OF THE SHARE OPTION SCHEME

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, i.e. February 21, 2019, after which period no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted before that. Options granted before that but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. As at the date of this report, the remaining life of the Share Option Scheme is approximately three years.

OPTION GRANTED

No Option has been granted and no Option is outstanding under the Share Option Scheme. At the beginning and the end of the Reporting Period, the number of Options available for grant under the Share Option Scheme is 400,000,000.

SHARE AWARD PLAN

On May 30, 2025, (the “**Adoption Date**”), the shareholders adopted the Share Award Plan. The terms of the Share Award Plan are in compliance with the provisions of Chapter 17 of the Listing Rules.

PURPOSE

The purpose of the Share Award Plan is to recognize and reward the contribution of certain Eligible Participants (as defined in the following paragraph) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

WHO MAY JOIN

The Board may, at its absolute discretion, make an award (the “**Award**”) out of a pool of issued Shares to eligible participants in accordance with the terms set out in the Share Award Plan, including (a) the directors and employees of the Group (including persons who are granted Awards under the Share Award Plan as an inducement to enter into employment contracts with the Group) (i.e. the Employee Participant); and (b) the directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (i.e. the Related Entity Participant) (collectively, the “**Eligible Participants**”).

MAXIMUM NUMBER OF SHARES

The maximum number of Shares (the “**Plan Mandate Limit**”) which may be issued by the Company in respect of all the Awards to be granted under the Share Award Plan and all the share options and share awards to be granted under any other share scheme(s) shall not exceed 432,231,600 Shares, being 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date. The total number of Shares available for issue under the Share Award Plan represented approximately 9.77% of the total number of issued Shares (excluding Treasury Shares) as at the date of this report.

REPORT OF THE BOARD OF DIRECTORS

SHARE AWARD PLAN *(continued)*

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued in respect of all Awards granted under the Share Award Plan and the share options and share awards granted under any other share schemes to an Eligible Participant (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the share schemes) in any 12-month period up to and including the date of grant shall not exceed 1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of issued Shares (excluding Treasury Shares) as at the date of such grant. Any further grant of Awards in excess of the 1% limit will be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person) abstaining from voting.

Where any grant of Awards to any Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted under the Share Award Plan and the share awards granted under any other share scheme(s) (excluding any Awards and any other share awards lapsed in accordance with the terms of the share schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue (excluding Treasury Shares) as at the date of such grant, or where any grant of Awards to an Independent Non-executive Director or substantial Shareholder of the Company (or any of his respective associates) would result in the number of Shares issued and to be issued in respect of all

Awards granted under the Share Award Plan and the share options and other share awards granted under any other share schemes (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the share schemes) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue (excluding Treasury Shares) as at the date of such grant, such further grant of Awards must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. The Eligible Participant, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

PERFORMANCE TARGET

The Share Award Plan sets out the qualitative description of possible performance targets related to financial and non-financial parameters of the Group and/or individual performance indicators and allows discretion for the Board to determine whether any performance targets will be specified in respect of each Award on a case-by-case basis, for the purpose of motivating Eligible Participants to strive for the future development and expansion of the Group.

VESTING PERIOD

The vesting period for an Award under the Share Award Plan is generally for a minimum period of 12 months in order to incentivize Eligible Participants to remain with the Group, save for certain prescribed circumstances (as set out in the Share Award Plan) in which the Board may impose a shorter vesting period for Employee Participants.



REPORT OF THE BOARD OF DIRECTORS

SHARE AWARD PLAN *(continued)*

PURCHASE PRICE

The Board shall notify the Eligible Participant in writing after an Award has been provisionally made to such Eligible Participant. An Award shall be deemed to be unconditionally declined in its entirety unless the Eligible Participant shall within ten (10) business days after receipt of such notice notify the Company in writing that he would accept such Award.

Unless otherwise determined by the Board, an Eligible Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted, nor is the Eligible Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Shares awarded.

LIFE OF THE SHARE AWARD PLAN

Subject to the terms of the Share Award Plan, the Share Award Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, i.e. May 30, 2025, and after the expiry of such 10-year term no further Awards may be made but the rules of the Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto. As at the date of this report, the remaining life of the Share Award Plan is approximately nine years.

AWARDS GRANTED

From the Adoption Date to the end of the Reporting Period, 9,915,000 Shares were granted to Eligible Participants under the Share Award Plan. As of January 1, 2025, being the beginning of the Reporting Period, there was no Award available for grant under the Share Award Plan as it was not yet adopted. As of December 31, 2025, being the end of the Reporting Period, the total number of Awards available for grant under the Plan Mandate Limit of the Share Award Plan was 422,316,600 Shares.

REPORT OF THE BOARD OF DIRECTORS

SHARE AWARD PLAN (continued)

Details of movements of Awards granted to the Eligible Participants under the Share Award Plan during the Reporting Period are as follows:

Name	Number of Awards outstanding as of January 1, 2025	Date of grant	Purchase price (HK\$)	Vesting period	Number of Awards granted during the Reporting Period	Performance Targets of the Awards granted during the Reporting Period	Closing price of Shares immediately before the date of grant (HK\$)	Fair value of Awards at the date of grant ⁽²⁾ (HK\$)	Number of Shares vested during the Reporting Period	Number of Shares immediately before the date of vesting (HK\$)	Number of Shares cancelled during the Reporting Period	Number of Shares lapsed during the Reporting Period	Number of Shares outstanding as of December 31, 2025
Directors													
Mr. Li Qinghua (an executive Director and the executive president of the Company)	N/A	September 1, 2025	0	60 months from the date of grant ⁽¹⁾	300,000	The vesting of the Awards is subject to the fulfillment of the performance targets, which include but are not limited to achieving specified goals for the Group's consolidated revenue, fulfilling the Group's strategic objectives, and meeting operational targets.	2.44	2.41	0	-	0	0	300,000
Mr. Han Qiliang (an executive Director and senior vice president of the Company)	N/A	September 1, 2025	0	60 months from the date of grant ⁽¹⁾	200,000	The vesting of the Awards is subject to the fulfillment of the performance targets, which include but are not limited to achieving specified goals for the Group's consolidated revenue, fulfilling the Group's strategic objectives, and meeting operational targets.	2.44	2.41	0	-	0	0	200,000
Mr. Wang Nianping (an executive Director and senior vice president of the Company)	N/A	September 1, 2025	0	60 months from the date of grant ⁽¹⁾	200,000	The vesting of the Awards is subject to the fulfillment of the performance targets, which include but are not limited to achieving specified goals for the Group's consolidated revenue, fulfilling the Group's strategic objectives, and meeting operational targets.	2.44	2.41	0	-	0	0	200,000
Subtotal	N/A				700,000				0	0	0	0	700,000
Employees	N/A	September 1, 2025	0	60 months from the date of grant ⁽¹⁾	9,215,000	The vesting of the Awards is subject to the fulfillment of the performance targets, which include but are not limited to achieving specified goals for the Group's consolidated revenue, fulfilling the Group's strategic objectives, and meeting operational targets.	2.44	2.41	0	-	0	0	9,215,000
Total	N/A				9,915,000				0	0	0	0	9,915,000

Notes:

- The Awards shall vest on the vesting date, which is 60 months from the date of grant (i.e. August 31, 2030), subject to the fulfilment of the performance targets. If the performance targets are achieved before the vesting date, the vesting of the Awards may be accelerated as determined by the Board. However, the vesting period shall not be less than 12 months from the date of grant under any circumstances.
- The fair value of Awards was determined by reference to the market price of the Shares at the grant date.

SHARE AWARD PLAN *(continued)*

The Shares that may be issued in respect of all the Awards granted under the Share Award Plan during the Reporting Period represented approximately 2.29% of the weighted average number of Shares in issue (excluding Treasury Shares) for the Reporting Period.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme and the Share Award Plan, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Reporting Period or subsisted as at December 31, 2025.

MANAGEMENT CONTRACTS

During the Reporting Period, the Group did not enter into any contracts in respect of the management and administration of all or any significant portion of the business (except for such service contracts entered into with the Group's Directors and all employees) and there existed no such contracts in respect of the management and administration of all or any significant portion of the business (except for such service contracts entered into with the Group's Directors and all employees).

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into some transactions with connected persons of the Company. In accordance with Chapter 14A of the Listing Rules, such transactions have constituted continuing connected transactions of the Company.

On December 31, 2024, the Company and Xuyang Holding renewed the Project Services Framework Agreement, the Integrated Procurement Framework Agreement, the Informatization Services Framework Agreement and the Property Management Services Framework Agreement for continuing connected transactions to be rendered from January 1, 2025 to December 31, 2027.

PROJECT SERVICES FRAMEWORK AGREEMENT

The Company renewed Project Services Framework Agreement on December 31, 2024 with Xuyang Holding, pursuant to which Xuyang Holding Group will provide project design, construction management and general contracting services to the Group in relation to various initiatives to upgrade the Group's energy saving and environmental protection capabilities and improve the efficiency and quality of the Group's existing large-scale production facilities in light of the adoption by the relevant PRC government authorities of more stringent energy saving and environmental protection requirements. Relevant members of Xuyang Holding Group may enter into separate contracts with the Group to set out specific terms and conditions of the relevant services in accordance with the principles provided in the Project Services Framework Agreement.

The term of the Project Services Framework Agreement and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Group is unable to provide such services or the terms that Xuyang Group offers become less favorable to the Group than those offered by other independent third parties.

REPORT OF THE BOARD OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

(continued)

PROJECT SERVICES FRAMEWORK AGREEMENT

(continued)

The Group conducts a public tender process for each project for which we require project design, construction management and general contracting services. Interested bidders would be selected on the bases of the prices proposed, the technical specifications achievable, the business model and background of the bidders, payment terms proposed and the estimated delivery dates, and the bidder offering the best overall terms would be awarded the project. As such, the fees for the services provided by Xuyang Holding Group under the Project Services Framework Agreement would be in line with the prices proposed by Xuyang Holding Group in its submitted bids, and the Group would compare such bids with the bids submitted by other independent third parties.

The amounts of fees charged by Xuyang Holding Group with respect to the Project Services for the Reporting Period was approximately RMB410,467,000 (tax-exclusive).

INTEGRATED PROCUREMENT FRAMEWORK AGREEMENT

The Company renewed Integrated Procurement Framework Agreement on December 31, 2024 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with water purification chemicals and thermal coal for power and heat generation together with steel products, building materials and catalysts according to the Group's operational requirements and development strategies as well as the market conditions in accordance with the principles set out in the Integrated Procurement Framework Agreement.

The term of the Integrated Procurement Framework Agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The prices of, among other things, the water purification chemicals for sewage treatment, thermal coal, steel products, building materials and catalysts together with respective technical services to be provided by Xuyang Holding Group shall be determined by agreement between the parties with references to market prices obtained from the open market and/or market unit prices determined by third-party industry consultants from time to time, and shall not be less favorable than those offered by independent third-party suppliers under comparable conditions.

The amount of fees charged by Xuyang Holding Group with respect to the integrated procurement for the Reporting Period was approximately RMB159,375,000 (tax-exclusive).

INFORMATIZATION SERVICES FRAMEWORK AGREEMENT

The Company entered into Informatization Services Framework Agreement on December 31, 2024 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with related information system building services such as the construction of, among other things, smart logistics systems, safety and environmental protection management platforms and big screens of command centers in the course of its daily production and operation in accordance with the principles set out in the Informatization Services Framework Agreement.

CONTINUING CONNECTED TRANSACTIONS

(continued)

INFORMATIZATION SERVICES FRAMEWORK AGREEMENT *(continued)*

The term of the Informatization Services Framework Agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The prices of the related information system building services to be provided by Xuyang Holding Group shall be determined by agreement between the parties with references to market prices obtained from the open market and/or market unit prices determined by third-party industry consultants from time to time, and shall not be less favorable than those offered by independent third-party suppliers under comparable conditions.

The amount of fees charged by Xuyang Holding Group with respect to the informatization services for the Reporting Period was approximately RMB14,504,000 (tax-exclusive).

PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The Company entered into Property Management Services Framework Agreement on December 31, 2024 with Xuyang Holding, pursuant to which Xuyang Holding Group shall provide the Group with property management services in order to meet the needs of the fast-increasing number of the Group's production bases and provide high-quality and tailor-made property management services guarantees for the Group's production bases, including safety and security of large scaled

production bases, indoor and outdoor cleaning, greening maintenance and planting, as well as material support such as heatstroke and cooling prevention and holiday welfare products, etc. in accordance with the principles set out in the Property Management Services Framework Agreement.

The term of the Property Management Services Framework Agreements and any separate contracts entered into is subject to mutual written consent of the Company and Xuyang Holding and approval in accordance with applicable laws, regulations and the Listing Rules. The Group is free to contract with other independent third parties for the relevant services if Xuyang Holding Group is unable to provide such services or the terms that Xuyang Holding Group offers become less favorable to the Group than those offered by other independent third parties.

The Group conducts public tender for each of the production bases that needs property management services. Interested bidders would be selected on the basis of the proposed prices, the achievable quality specifications, the business model and background of the bidders, the proposed payment terms, the estimated services dates and the best overall terms offered by the bidders for the awarded property management services. As such, the fees for the services provided by Xuyang Holding Group under the Property Management Services Framework Agreement would be in line with the prices proposed by Xuyang Holding Group in its submitted bids, and the Group would compare such bids with the bids submitted by other independent third parties.

The amount of fees charged by Xuyang Holding Group with respect to the property management services for the Reporting Period was approximately RMB36,911,000 (tax-exclusive).

REPORT OF THE BOARD OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

(continued)

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions and confirmed that the transactions have been conducted:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) in accordance with relevant agreement governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION BY THE AUDITOR

The auditors of the Company, Deloitte Touche Tohmatsu, have issued a letter to the Board, confirming that for the year ended December 31, 2025, in respect of the aforementioned continuing connected transactions, nothing has come to their attention that causes them to believe that:

1. the transactions have not been approved by the Board of Directors;
2. the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
3. the transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
4. the amount of each of the transactions has exceeded its annual cap.

CONNECTED TRANSACTION

The connected transactions of the Group during the Reporting Period is set forth below:

On October 31, 2025, Risun Group, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Xuyang New Energy, an indirect wholly-owned subsidiary of Xuyang Holding, which is wholly owned by Mr. Yang Xuegang and his spouse, Ms. Lu Xiaomei, pursuant to which Risun Group agreed to dispose of and Xuyang New Energy agreed to acquire 100% equity interest in Xingtai Risun Material for a consideration of RMB54.6862 million.

As the highest applicable percentage ratio in respect of the disposal exceeds 0.1% but is less than 5%, the disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Note 40 to the Consolidated Financial Statements discloses the related party transactions of the Company in accordance with IFRS. The transactions disclosed therein between the Company and the following parties constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules: Mr. Yang, Ms. Lu Xiaomei, Texson and the entities controlled by Mr. Yang. During the Reporting Period, the Company has complied with the requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH DEED OF NON-COMPETITION

On February 20, 2019, the Controlling Shareholders have entered into a Deed of Non-competition, pursuant to which each of the Controlling Shareholders agreed that, except for the supply of coal as described in the Prospectus, (i) he or she or it will not engage in, participate in or assist others to engage or participate in any business that competes or is likely to compete, directly or indirectly, with our business within the PRC,

REPORT OF THE BOARD OF DIRECTORS

Hong Kong or any part of the world in which any member of the Group operates, and will procure its subsidiaries (where applicable) not to engage in any business that competes or is likely to compete, directly or indirectly, with our business (the “**Competing Businesses**”) in the PRC, Hong Kong or any part of the world in which any member of the Group operates; and (ii) he or she or it will inform us of any new business opportunities of the Competing Businesses, and use his or her or its best efforts to procure such opportunities be made available to us.

Each of the Controlling Shareholders have also undertaken in the Deed of Non-competition that during the term of such agreement, he or she or it will not, and will procure its subsidiaries (where applicable) not to:

- directly or indirectly engage in or participate in, or assist others to engage in or participate in, any Competing Businesses in any form (including but not limited to investments, mergers and acquisitions, joint ventures, cooperation agreements, partnerships, contractual arrangements or purchases of shares of listed or private companies) within the PRC, Hong Kong or any part of the world in which any member of the Group operates;
- assist any entity other than the Group to engage in any Competing Businesses within the PRC, Hong Kong or any part of the world in which any member of the Group operates; or
- engage in any Competing Businesses (directly or indirectly) in any manner.

The Independent Non-executive Directors of the Company are responsible for examining, reviewing, considering and determining whether to adopt and accept the new business opportunities referred to the Company by the Controlling Shareholders.

The Controlling Shareholders have confirmed that they complied with the Deed of Non-competition during the Reporting Period. The Independent Non-executive Directors of the Company have examined and reviewed

the implementation of the Deed of Non-competition and have confirmed that, during the Reporting Period, the Controlling Shareholders fully complied with the deed and there had no violation of the deed.

DISCLOSURE UNDER RULES 13.22 OF THE LISTING RULES

In accordance with the requirements of Rule 13.22 of the Listing Rules, the followings were the details of financial assistance given to affiliated companies of the Group and guarantees given for facilities granted to affiliated companies exceeded 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules as at December 31, 2025.

Name of affiliated companies	The Group's equity interest in affiliated company	Loans and advances to affiliated company	Interest rate per annum	Guarantees for facilities granted to the affiliated companies	Notes
PT. De Tian Coking Co., Ltd. ("De Tian Coking")	24%	USD38.4 million (equivalent to RMB269.6 million)	6%	USD188.9 million (equivalent to RMB1,322.4 million)	1, 5
Risun Wei Shan New Energy (Indonesia) Company Limited ("Risun Wei Shan")	51%	USD144.1 million (equivalent to RMB1,012.9 million)	6%	USD683.7 million (equivalent to RMB4,785.6 million)	2, 5
PT. KinXiang New Energy Technologies Indonesia ("KinXiang New Energy")	20%	-	6% or SOFR (12 months) + 300BP%	USD63.8 million (equivalent to RMB446.6 million)	3, 5
Pingxiang Risun Energy Co., Ltd.* ("Pingxiang Risun Energy")	43%	-	3.6%	RMB1,025.1 million	4
	Total	RMB1,282.5 million		RMB7,579.7 million	

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) The Group invested in De Tian Coking in 2021, and pursuant to the Cooperation and Investment Agreement dated June 30, 2021 in relation to the establishment of De Tian Coking, the Group has injected USD59.52 million to the share capital of De Tian Coking, and shall provide guarantees and/or shareholder loans of no more than USD285 million to De Tian Coking for project financing purposes. Please refer to the Company's announcements dated June 30, 2021 and November 12, 2021 and circular dated December 24, 2021 for details.
- (2) The Group invested in Risun Wei Shan in 2021, and pursuant to the Joint Venture Agreement dated July 15, 2021 in relation to the establishment of Risun Wei Shan, the Group has injected USD128.52 million to the share capital of Risun Wei Shan, and shall provide guarantees and/or shareholder loans of no more than USD538 million to Risun Wei Shan for project financing purposes. Please refer to the Company's announcements dated July 15, 2021 and November 12, 2021 and circular dated December 24, 2021 for details.
- (3) The Group invested in KinXiang New Energy in 2021, and pursuant to the Joint Venture Agreement dated July 16, 2021 in relation to the establishment of KinXiang New Energy, the Group has injected USD43.6 million to the share capital of KinXiang New Energy, and shall provide guarantees and/or shareholder loans of no more than USD84 million to KinXiang New Energy for project financing purposes. Please refer to the Company's announcement dated November 12, 2021 and circular dated December 24, 2021 for details.
- (4) Pingxiang Risun Energy is an associate of the Company, and is held by Risun Group as to 43%. On December 4, 2024, Pingxiang Risun Energy as borrower, entered into a loan agreement with Pingxiang Branch of China CITIC Bank Corporation Limited, to which Risun Group would provide guarantee for the principal creditor's rights of RMB1,025.1 million. Please refer to the Company's announcement dated December 4, 2024 for details.

- (5) The exchange rate between USD and Renminbi for the calculation in this table is at USD1: RMB7.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance and guarantees given by the Group and the Group's attributable interests in those affiliated companies as at December 31, 2025 are set out as follows:

	Combined statement of financial position	Group's attributable interests
	<i>RMB million</i>	<i>RMB million</i>
Non-current assets	19,292.4	6,540.9
Current assets	5,468.8	1,879.2
Current liabilities	10,727.3	3,707.7
Total assets less current liabilities	14,033.9	4,712.4
Non-current liabilities	8,670.5	2,837.8
Net assets	5,363.4	1,874.6

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at December 31, 2025.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the retirement and employee benefits plans of the Group are set out under Note 39 of the Consolidated Financial Statements.

REPORT OF THE BOARD OF DIRECTORS

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Please refer to “Corporate Governance Report – Compliance of the Code” in this annual report for details.

PUBLIC FLOAT

When it applied for the listing of its Shares, the Company applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Company a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the Shares from time to time held by the public to be the higher of (i) 22.1%, the percentage of Shares to be held by the public immediately after the completion of the global offering in March 2019 (assuming the over-allotment option is not exercised); and (ii) such percentage of Shares to be held by the public after the exercise of the over-allotment option, namely 23.8%.

Based on the Company’s publicly available information and to the best of the Directors’ knowledge, as of the Latest Practicable Date, the number of Shares in public hands were not less than 23.8% of the total issued share capital of the Company.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and as of the Latest Practicable Date, the Company had purchased and maintained a group liability insurance for the Directors of the Company and its associated companies (as defined for such term under the Companies Ordinance).

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Consolidated Financial Statements as for the year ended December 31, 2025 prepared in accordance with IFRS.

AUDITOR

Deloitte Touche Tohmatsu, Certified Public Accountants is appointed as the auditor for the Consolidated Financial Statements as for the year ended December 31, 2025 prepared in accordance with IFRS. Such Consolidated Financial Statements prepared in accordance with IFRS as stated herein this annual report have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and a standard unqualified audit report has been issued.

For the year ended December 31, 2025, there was no change in the auditor of the Company.

Deloitte Touche Tohmatsu will retire at the forthcoming AGM and being eligible offer themselves for reappointment.

By Order of the Board

Yang Xuegang

Chairman

Hong Kong, March 27, 2026

CORPORATE GOVERNANCE REPORT

The Board of Directors has hereby submitted its Corporate Governance Report during the Reporting Period to the Shareholders.

COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining a high standard of corporate governance for purposes of enhancing the value for the Shareholders and protecting their interests. The Company has adopted such code provisions as stated in the Corporate Governance Code provided in Appendix C1 to the Listing Rules. The Company has established and perfected the corporate governance structure in accordance with the Listing Rules and the Corporate Governance Code and has set up a series of corporate governance system. During the Reporting Period, the Company has observed all code provisions as stipulated in the Corporate Governance Code except for the code provisions C.2.1 and B.3.5 (please refer to below for detailed explanation).

The Board of Directors will continue to examine and review, from time to time, the Company's corporate governance practices and operation in order to meet the relevant provisions under the Listing Rules and the Corporate Governance Code and to protect the Shareholders' interests.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS AND THE RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers provided in Appendix C3 to the Listing Rules (the "Model Code"), taking such Model Code against which the Directors of the Company may conduct securities transactions.

Upon specific enquiry conducted by the Company, all the Directors have confirmed that during the Reporting Period, they have fully observed the Model Code.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. The Company has not been aware of any incident of any employee's non-compliance with the Model Code during the Reporting Period and up to the Latest Practicable Date.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

(a) Composition of Board of Directors

The Board comprises nine Directors, including six Executive Directors and three Independent Non-executive Directors. The Directors have been appointed with a term of three years, subject to retirement by rotation requirements under the Articles of Association of the Company.

The Company has at least three Independent Non-executive Directors (representing at least one-third of the Board), and among whom, at least one Independent Non-executive Director must possess professional qualifications or accounting knowledge or professional knowledge related to finance management in compliance with the provisions of the Listing Rules. Moreover, after taking into consideration of the factors regarding the evaluation of the independence of the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and the written confirmation of all Independent Non-executive Directors, the Board of Directors believes that all Independent Non-executive Directors are independent individuals.

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company comprises the following:

Name	Age	Gender	Position	Appointment Date
Mr. Yang Xuegang	61	M	Executive Director, chairman of the Board and chief executive officer	November 8, 2007
Ms. Lu Xiaomei	62	F	Executive Director	April 1, 2024
Mr. Li Qinghua	62	M	Executive Director and executive president of the Group	April 1, 2024
Mr. Han Qinliang	52	M	Executive Director and senior vice president of the Group	May 18, 2011
Mr. Wang Nianping	63	M	Executive Director and senior vice president of the Group	September 29, 2018
Mr. Yang Lu	35	M	Executive Director and vice president of the Group	September 29, 2018
Dr. Yu Kwok Kuen Harry	56	M	Independent Non-executive Director	September 29, 2018
Mr. Wang Yinping	65	M	Independent Non-executive Director	September 29, 2018
Dr. Liu Xiaofeng	63	M	Independent Non-executive Director	October 10, 2024

The Directors may, at the Company's expense, seek independent professional advice in appropriate circumstances. The Company will provide separate independent professional advice to Directors upon request to assist the Directors to discharge their duties to the Company.

Before each Board meeting, the senior management will provide relevant information pertaining to matters to be brought before the Board for decision as well as reports relating to the operational and financial performance of the Group. Where any Director requires more information than is supplied by the senior management, each Director has the right to separately and independently communicate with the Company's senior management to make further enquiries.

(b) Job Duties and Authority of the Board of Directors

The Board of Directors shall be accountable to the Shareholders and have the duty to report to the general meeting. The Board of Directors is responsible for convening the general meeting, implementing the resolutions of the general meeting, determining the operational plan and investment proposals of the Company, setting up the annual financial budget proposal, final accounts, profit distribution proposal, proposal for increase or decrease of capital and others, deciding on the establishment of the Company's management authority, determining the appointment or dismissal of chief executive officer, chief financial officer and other senior management officers, formulating the basic management system of the Company and determining the establishment of the special committees of the Board of Directors.

CORPORATE GOVERNANCE REPORT

(c) Job Duties and Authority of the Senior Management

The senior management is responsible for the specific implementation of the resolutions of the Board of Directors and of the daily business management of the Company, which includes formulating (i) the Company's operating plan and investment proposal, (ii) the plan of establishing the internal management authority, (iii) the basic management system of the Company and (iv) the Company's specific regulations.

MEETINGS OF BOARD OF DIRECTORS AND MEMBERS

During the Reporting Period, the Company convened a total of seven Board meetings and one general meeting. The attendance of the meetings by the Directors is as follows:

Board meetings

Name	Position	Number of meetings should attend	Number of meetings attended	Attendance rate	Times of attendance by alternate
Mr. Yang Xuegang	Executive Director	7	7	100%	–
Ms. Lu Xiaomei	Executive Director	7	7	100%	–
Mr. Li Qinghua	Executive Director	7	7	100%	–
Mr. Han Qinliang	Executive Director	7	7	100%	–
Mr. Wang Nianping	Executive Director	7	7	100%	–
Mr. Yang Lu	Executive Director	7	7	100%	–
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	7	7	100%	–
Mr. Wang Yinping	Independent Non-executive Director	7	7	100%	–
Dr. Liu Xiaofeng	Independent Non-executive Director	7	7	100%	–

CORPORATE GOVERNANCE REPORT

General meeting

Name	Position	Number of meeting should attend	Number of meetings attended	Attendance rate	Times of attendance by alternate
Mr. Yang Xuegang	Executive Director	1	1	100%	–
Ms. Lu Xiaomei	Executive Director	1	1	100%	–
Mr. Li Qinghua	Executive Director	1	1	100%	–
Mr. Han Qinliang	Executive Director	1	1	100%	–
Mr. Wang Nianping	Executive Director	1	1	100%	–
Mr. Yang Lu	Executive Director	1	1	100%	–
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	1	1	100%	–
Mr. Wang Yinping	Independent Non-executive Director	1	1	100%	–
Dr. Liu Xiaofeng	Independent Non-executive Director	1	1	100%	–

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yang is the chairman and chief executive officer of the Company. In accordance with code provision C.2.1 of the Corporate Governance Code as provided in Appendix C1 to the Listing Rules, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. The Board of Directors has noticed that there was deviation from such code provision. However, with extensive experience in the coke, coking chemicals and refined chemicals industries, Mr. Yang is responsible for the overall management and business development, the operations of our subsidiaries and their corresponding production facilities and human resources of the Group and has been instrumental to the growth and business expansion since the establishment of the Group in 1995. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises six Executive Directors (including Mr. Yang) and three Independent Non-executive Directors and therefore has a strong independence element in its composition.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with the provisions of the Articles of Association of the Company, the Directors have been appointed for a term of three years, after which they may be re-elected. At each general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. The procedures and process of appointment and re-election of directors are laid down in the Articles of Association. The Nomination Committee shall be responsible for nominating new Directors and then submitting such nomination to the Board of Directors for review and consideration.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and member of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

TRAINING AND CONTINUING DEVELOPMENT OF DIRECTORS

During the Reporting Period, the Directors of the Company actively participated in seminars on the obligations and responsibilities required to be fulfilled for being the directors of a listed company in Hong Kong, as well as the obligations for the listing compliance of a listed company in relation to the continuous professional developments in the following manner:

Name	Position	Type of continuous professional development programmes <i>(Note)</i>
Mr. Yang Xuegang	Executive Director	2
Ms. Lu Xiaomei	Executive Director	2
Mr. Li Qinghua	Executive Director	2
Mr. Han Qinliang	Executive Director	2
Mr. Wang Nianping	Executive Director	2
Mr. Yang Lu	Executive Director	2
Dr. Yu Kwok Kuen Harry	Independent Non-executive Director	1&2
Mr. Wang Yinping	Independent Non-executive Director	1&2
Dr. Liu Xiaofeng	Independent Non-executive Director	1&2

Notes:

1. Attending seminars/courses for development of professional skills and knowledge.
2. Reading materials in relation to regular update to statutory requirements, Listing Rules and other relevant topics related to listed company.

COMPANY SECRETARY AND HIS TRAINING

Mr. Ho Pui Lam Joseph acts as the company secretary of the Company and is responsible for overseeing the Group's financial, capital markets, corporate governance and company secretarial matters and provides financial and business advice to the Board and senior management of the Group. Mr. Ho shall report significant events to the chairman. The profile of Mr. Ho is stated in the section of "Biographies of the Directors and Senior Management" of this report. During the Reporting Period, Mr. Ho undertook more than 15 hours of professional training to update his skills and knowledge.

MEETINGS OF THE BOARD OF DIRECTORS

Pursuant to the code provision C.5.1 of the Corporate Governance Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Agenda of board meetings are presented to the Directors for comments and approval. The Board of Directors is provided with adequate, timely and reliable information about the Group's business and developments before each Board meeting at which the Directors actively participate and hold informed discussions. A notice of regular Board meeting shall be given to all Directors at least 14 days before the meeting is convened pursuant to the requirements of the Corporate Governance Code, and such notice shall state the date, time and venue of the meeting to be convened and the format to be adopted of such meeting. Other interim Board meetings have reasonable notices be delivered to all Directors.

In accordance with the provisions of the Listing Rules, the Company shall publish an announcement at least 7 clear business days in advance of the date fixed for any Board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year, quarter-year or other period is to be approved for publication.

The quorum for a Board meeting shall be the presence of two Directors. Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person. The company secretary is responsible for preparing and safekeeping the minutes of the Board meetings and ensuring that the Directors can enquire about such minutes.

During the Reporting Period, the Company has strictly complied, and will continue to comply, with the provisions in relation to the meetings of the Board of Directors.

BOARD OF DIRECTORS COMMITTEES

The Board of Directors delegates certain responsibilities to various committees. In accordance with relevant laws, regulations and the Articles of Association of the Company, we have formed four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainable Development Committee.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and has expressly stated the scope of job duties of such committee in writing. The Audit Committee consists of three members, namely Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Dr. Liu Xiaofeng. All members of the Audit Committee are Independent Non-executive Directors. Dr. Yu Kwok Kuen Harry is the chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT

The purpose of the Audit Committee is to assist the Board in ensuring that the Company has an effective financial reporting, risk management and internal control system in compliance with the Listing Rules, overseeing the integrity of the financial statements of the Company, selecting, and assessing the independence and qualifications of, the Company's external auditor, as well as ensuring effective communication between the Directors and the internal and external auditors of the Company.

As for the selection, appointment and dismissal of external auditors or resignation of auditors, the Board and the Audit Committee have reached a consensus.

During the Reporting Period, four meetings were held by the Audit Committee. The attendance record of each member of the Audit Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Dr. Yu Kwok Kuen Harry	4/4	100%
Mr. Wang Yinping	4/4	100%
Dr. Liu Xiaofeng	4/4	100%

During the Reporting Period, the Audit Committee:

1. assessed the independence and objectivity of external auditors;
2. advised the Board on re-appointment of external auditors;
3. reviewed the internal control and risk management systems and the effectiveness of the internal audit function of the Company;
4. reviewed the audited annual results for the year ended December 31, 2024;
5. reviewed the unaudited interim results for the period ended June 30, 2025; and
6. reviewed the audit plan 2025.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, and has expressly stated the scope of job duties of such committee in writing. The Remuneration Committee consists of three members, namely Dr. Yu Kwok Kuen Harry, Mr. Wang Yinping and Mr. Li Qinghua. Except for Mr. Li Qinghua who is an Executive Director, all other members are Independent Non-executive Directors. Mr. Wang Yinping is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but not limited to, establishing and reviewing the Company's policy and structure for the remuneration of the Directors and senior management, making recommendations to the Board on the remuneration packages of individual executive directors and senior management and making recommendations to the Board on employee benefit arrangements. The Remuneration Committee is also responsible for determining the vesting of the Options granted under the Share Option Scheme and the Awards granted under the Share Award Plan.

During the Reporting Period, two meetings were held by the Remuneration Committee. The attendance record of each member of the Remuneration Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr. Wang Yinping	2/2	100%
Dr. Yu Kwok Kuen Harry	2/2	100%
Mr. Li Qinghua	2/2	100%

During the Reporting Period, the Remuneration Committee:

1. reviewed the Company's policy and structure for all Directors' and senior management's remuneration;
2. review and approve the remuneration proposals of individual Executive Directors and senior management, as well as Independent Non-executive Directors for the Reporting Period, with reference to the corporate goals and objectives formulated by the Board of Directors; and
3. review and approve the adoption of the Share Award Plan and the grant of Awards thereunder.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

NOMINATION COMMITTEE

The Company has established the Nomination Committee in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, and has expressly stated the scope of job duties of such committee in writing. The Nomination Committee consists of three members, namely Mr. Yang Xuegang, Dr. Yu Kwok Kuen Harry and Mr. Wang Yinping. Except for Mr. Yang who is an Executive Director, all other members are Independent Non-executive Directors. Mr. Yang is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

Code provision B.3.5 of the Corporate Governance Code provides that issuers should appoint at least one director of a different gender to the nomination committee. Although the Nomination Committee currently comprises members of single gender, the Company has put in place the board diversity policy and the workforce diversity policy to promote greater diversity and inclusion (including gender diversity) in its recruitment, and the Nomination Committee also takes into consideration the board diversity policy when reviewing the Board composition, appointing and re-appointing Directors and making recommendations for succession planning to facilitate the development of a diverse talent pipeline. In addition, the Board is satisfied that its overall composition has already reflected diversity, with a balanced mix of professional expertise, industry experience and backgrounds, and the inclusion of one female Director. All members of the Board bring extensive senior management experience, supporting effective governance and strategic oversight. Therefore, the Board considers that the deviation from code provision B.3.5 of the Corporate Governance Code is justified. The Board will continue to review the composition of the Nomination Committee, and will consider appointing a Director of a different gender to the Nomination Committee at a time when it is appropriate and suitable by taking into account the circumstances of the Company.

The primary duties of the Nomination Committee include reviewing the structure, size, composition and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, assessing the independence of the Independent Non-executive Directors to determine their eligibility, and making recommendations to the Board on the appointment, re-election and removal of Directors and succession planning for Directors.

During the Reporting Period, one meeting was held by the Nomination Committee. The attendance record of each member of the Nomination Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr. Yang Xuegang	1/1	100%
Dr. Yu Kwok Kuen Harry	1/1	100%
Mr. Wang Yinping	1/1	100%

During the Reporting Period, the Nomination Committee:

1. reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;
2. made recommendations to the Board as to nomination of Directors for re-election at the AGM;
3. assessed the independence of Independent Non-executive Directors;
4. considered and assess the performance of the Board and consider such performance against the boards of comparable companies; and
5. monitor the implementation of, and review, the board diversity policy of the Company.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

SUSTAINABLE DEVELOPMENT COMMITTEE

The Company has established the Sustainable Development Committee, and has expressly stated the scope of job duties of such committee in writing. The Sustainable Development Committee consists of three members, namely Mr. Yang Xuegang, Mr. Han Qinliang and Mr. Wang Jinping. Except for Mr. Wang Jinping who is an Independent Non-executive Director, all other members are Executive Directors. Mr. Yang Xuegang is the chairman of the Sustainable Development Committee.

The primary duties of the Sustainable Development Committee include the management of sustainability development together with the environmental, social and governance (the “ESG”) matters of the Group, and to give opinions to the Board on the development and implementation with a view to promoting the Group’s sustainable development and ESG.

During the Reporting Period, one meeting was held by the Sustainable Development Committee. The attendance record of each member of the Sustainable Development Committee is set out below:

Name of committee members	Number of meetings attended/should attend	Attendance rate
Mr. Yang Xuegang	1/1	100%
Mr. Han Qinliang	1/1	100%
Mr. Wang Jinping	1/1	100%

During the Reporting Period, the Sustainable Development Committee:

1. review the vision, goals, strategies, frameworks and significant policies of the Group in relation to the sustainable development and the ESG matters;
2. review and assess the implementation of the sustainability, ESG and other long-term corporate strategies and to ensure consistency of the Group’s performance, operation and management with such strategies;
3. perform the corporate governance duties and review the corporate governance report and the ESG report in accordance with the Listing Rules; and
4. review and assess the Group’s performance in relation to the indices and ratings of the sustainability and the ESG.

In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS AND BOARD DIVERSITY POLICY

In order to enhance the quality of the performance of the Board and to support the attainment of the Company's strategic objectives and sustainable development, we have adopted a board diversity policy (the "Board Diversity Policy"). Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. Appointments will ultimately be based on merit and the contributions the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to service our Shareholders and other stakeholders.

The Nomination Committee of the Board is responsible for reviewing the structure, number of members, and composition of the Board of Directors. In addition, the Nomination Committee makes recommendations to the Board relating to the size and structure of the Board of Directors based on the Company's strategic plans, business operations, asset size and shareholding structure. The Nomination Committee also discusses and reviews the selection standard, the nomination and appointment process of relevant Directors, and makes recommendations to the Board of Directors. In identifying candidates, the Company solicits candidates through recruitment agencies, referrals by existing Directors, and recommendation by Shareholders of the Company in accordance with the Articles of Association. The candidates will be approved by the Board of Directors.

The Board Diversity Policy needs to be followed when the Nomination Committee of the Board makes recommendations on the candidates or when the Board of Directors makes nomination. The Nomination Committee of the Board is responsible for monitoring the implementation of the Board Diversity Policy and reviewing it at the appropriate time to ensure its effectiveness. The Nomination Committee will discuss any amendments when necessary and make

recommendations to the Board of Directors for final approval.

The Directors have a balanced mix of knowledge and skills, including in overall management and strategic development, sales and marketing, finance and accounting, law, consulting and corporate governance, as well as experience in the coke industry. The Directors also obtained bachelor, master and doctorate degrees in various majors including business administration, coal chemistry, metallurgical engineering, industrial economy administration, accounting, statistics, international trade, chemical engineering and development economics. The Company has three Independent Non-executive Directors with different industry backgrounds, representing one-third of the members of the Board. Furthermore, the Board members range in age from 35 years old to 65 years old. Out of the nine Directors, one is a female Director. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved with reference to the Group's existing business model and specific needs. The Board targets to maintain the current level of at least one female representation on the Board. The Board will continue review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suits the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from management, shareholders and advisors of the Company, or internal promotion, with regards to the range of diversity perspectives set forth in the Board Diversity Policy. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee monitored the implementation of the Board Diversity Policy, and reviewed the Board Diversity Policy from time to time to ensure its continued effectiveness.

During the Reporting Period, the Nomination Committee reviewed the composition of the Board of Directors and concluded that the Company had met the diversification requirements with regard to skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service.

In regards of the workforce diversity, the Company believes that a diverse workforce and an inclusive culture would be beneficial to the Group's business development and drive high operational performance across the Group. The Company implements a workforce diversity policy to enhance inclusion and diversity in the workforce (including senior management). It provides women with equal employment opportunities, and ensures equal pay for male and female employees for equal work. Given the specialty of the industry nature of the Group, the proportion of male employees of the Group is relatively higher. As at December 31, 2025, the ratio of female employees of the Group was approximately 11.1%. The Company will continue to promote greater diversity and inclusion (including gender diversity) in the workforce.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders' investment and the Group's assets at all times. In order to ensure the internal control operate effectively, the Company has adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The Board reviews the risk management and internal controls annually. Highlights of the Company's internal control system include the following:

- (a) Code of conduct. The code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behavior.
- (b) Internal audit. The internal audit team regularly monitors key controls and procedures in order to assure our management and the Board of Directors that the internal control system is functioning as intended. The Audit Committee of the Board of Directors is responsible for supervising our internal audit function.
- (c) Compliance with the Listing Rules. Various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by the Directors.
- (d) Enhanced internal control procedures to prevent the recurrence of non-compliance incidents. The Company also adopted a number of enhanced internal control procedures to prevent the recurrence of non-compliance incidents.

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. The risk management process starts with identifying the major risks associated with our corporate strategy, goals and objectives. Each of the operating departments is responsible for identifying and analyzing risks associated with its function, maintaining a comprehensive risk register, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting the status of risk management. The audit personnel, the Audit Committee of the Board of Directors, and ultimately the Board of Directors supervise the implementation of our risk management policy at the corporate level by bringing together each operating department, such as quality control, research and development and sales, to collaborate on risk issues among different functions.

CORPORATE GOVERNANCE REPORT

The Board of Directors and the senior management are accountable for the overall responsibility in respect of monitoring the implementation of internal control and risk management procedures and other measures in the Group. The Company's risk management and internal control system aims at managing but not eliminating the risk for not being able to achieve the business objective. Moreover, only reasonable but not absolute guarantee is made for materially untrue statement or loss. The Board of Directors will conduct an examination on the Company's risk management and internal control system once per year. The Board of Directors has confirmed that it has examined the effectiveness of the Company's risk management and internal control system as of December 31, 2025. The Board believed that the Company's risk management and internal control system is effective and sufficient. The Company's risk management and internal control system can effectively guide against such risks existing in the operation.

The Company has appointed and renewed the appointment of external professional advisors (including the auditor, legal or other advisors) for provision of professional suggestions in respect of how we observe all applicable related laws and regulations.

THE DIRECTORS' LIABILITY TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company has not encountered with any significant and uncertain events and circumstances that might produce significant doubts on the Company's capability of its continuous operation of business. The Board of Directors has confirmed that it is responsible for the preparation of the Group's Consolidated Financial Statements as of December 31, 2025.

REMUNERATION OF AUDITOR

During the Reporting Period, the Company has appointed Deloitte Touche Tohmatsu, Certified Public Accountants, an international accounting firm, to provide the Group with auditing services and the amount of remuneration in connection with annual audit services is RMB7.3 million. The responsibilities of Deloitte Touche Tohmatsu as to the Consolidated Financial Statements are set out on pages 85 and 199 of this annual report.

Non-audit services provided to the Group during the year ended December 31, 2025 of approximately RMB3.4 million represented the fees for the assurance of the ESG report of the Company, the review of continuing connected transactions, the relevant services of proposed transactions and the review of the unaudited interim financial statements.

SHAREHOLDERS' RIGHTS

SHAREHOLDERS HAVE THE RIGHT TO INITIATE AND CONVENE THE GENERAL MEETING

In accordance with the provisions of the Articles of Association of the Company, the shareholders shall be entitled to the following right: Any one or more shareholder of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at a general meeting. Proposals shall be sent to the Board or the company secretary in writing to the company secretary at the Company's principal place of business in Hong Kong at Room 2001, 20/F., Sino Plaza, No. 255 Gloucester Road, Causeway Bay, Hong Kong.

SHAREHOLDERS ARE ENTITLED TO THE INQUIRY RIGHT

Shareholders are entitled to make enquiries to the Board should by sending written enquiries to the Company at its principal place of business in Hong Kong at Room 2001, 20/F., Sino Plaza, No. 255 Gloucester Road, Causeway Bay, Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner.

COMMUNICATIONS WITH SHAREHOLDERS

The Company believes that effective communications with its Shareholders is essential to enhancement of the relationship with investors and enhancement of investors' understanding of the Company's business and strategies. The Company highly values Shareholders' opinions and suggestions, and actively organizes and conducts various activities related to the relationship with investors in order to keep the communications with Shareholders, and to timely satisfy the reasonable demands of all Shareholders.

To enhance effective communication, the Company maintains its website at <http://www.risun.com> where latest information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The 2025 annual general meeting (the "AGM") of the Company will be held on May 30, 2026. The notice of the AGM will be sent to Shareholders at least 21 clear days before the AGM.

RELATIONSHIP WITH INVESTORS

The Company believes that good relationship with investors may help build more stable and consolidated shareholder base. As a result, since the Listing, the Company has been and will be dedicated to maintaining a higher degree of transparency, observing the Listing Rules and timely providing investors with comprehensive and accurate information, and sustainably performing the obligation of disclosing the information as a listed company. The Company will strengthen its communications with investors and let investors understand corporate strategies and business operation by organizing road shows, participating in investors summit, voluntary information disclosure and others.

The Company will continue to maintain open-up and effective investors communication policy for purposes of timely providing investors with the latest information on the Company's business.

The Company has reviewed its policy for communication with Shareholders, and considers that the Company has provided diversified channels for the Shareholders to understand the business and operations of the Group, and channels for them to express their opinions and comments. During the Reporting Period, the Company has actively responded to the feedback of Shareholders. In view of that, the Company considers the policy on communication with Shareholders carried out during the Reporting Period to be sufficient and effective.

ARTICLES OF ASSOCIATION

During the Reporting Period, there is no amendment to the Articles of Association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Company has complied with the Environmental, Social and Governance Reporting Code provided in Appendix C2 to the Listing Rules. Please refer to "Environmental, Social and Governance Report" for details.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF CHINA RISUN GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Risun Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 85 to 199, which comprise the consolidated statement of financial position as at December 31, 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 December 31, 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.

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 from contracts with customers

We identified revenue recognition from contracts with customers attributable to the coke and coking chemicals manufacturing segment as a key audit matter because the amount are significant. Furthermore, revenue from contracts with customers is a key performance indicator of the Group and therefore there is a high inherent risk of overstatement.

As disclosed in note 6 to the consolidated financial statements, the Group recognized revenue from contracts with external customers attributable to the coke and coking chemicals manufacturing segment amounting to RMB13,515,076,000 for the year ended December 31, 2025.

Our audit procedures in relation to revenue recognition from contracts with customers attributable to the coke and coking chemicals manufacturing segment included:

- Understanding the key controls relevant to our audit on revenue recognition from contracts with customers;
- Performing analytical procedures to assess the reasonableness of the unit selling price, and compare the sales quantity against the production quantity and the quantity of freight charges;
- Obtaining confirmations for the sales to major customers; and
- Checking, on a sample basis, the recorded transactions by examining the underlying supporting evidences such as receipt notes, final settlements, delivery notes, and sales contracts.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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 purposes 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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 Ip Yat Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 27, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	39,286,483	47,542,739
Cost of sales and services		(36,222,203)	(44,053,177)
Gross profit		3,064,280	3,489,562
Other income	7	656,047	586,120
Other gains and losses	8	375,400	(91,656)
Impairment losses (including reversals of impairment losses) on financial assets	9	4,033	61,616
Selling and distribution expenses		(1,432,830)	(1,488,932)
Administrative expenses		(1,144,408)	(1,142,772)
Profit from operations		1,522,522	1,413,938
Finance costs	10	(1,390,523)	(1,410,397)
Share of results of associates		13,580	30,899
Share of results of joint ventures		37,657	74,957
Profit before taxation	11	183,236	109,397
Income tax expense	13	(48,550)	(11,594)
Profit for the year		134,686	97,803
Other comprehensive (expense)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(25,246)	39,206
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of properties		–	54,822
Income tax relating to revaluation of properties	25	–	(13,706)
Other comprehensive (expense)/income for the year		(25,246)	80,322
Total comprehensive income for the year		109,440	178,125

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Profit for the year attributable to:			
Owners of the Company		58,008	20,133
Non-controlling interests		76,678	77,670
		134,686	97,803
Total comprehensive income for the year attributable to:			
Owners of the Company		32,762	100,455
Non-controlling interests		76,678	77,670
		109,440	178,125
Earnings per share (RMB)			
	<i>15</i>		
Basic		0.013	0.005
Diluted		0.013	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	16	27,991,912	27,831,672
Right-of-use assets	17	1,480,329	1,681,495
Investment properties	18	1,883,422	1,896,640
Goodwill	19	212,347	212,347
Intangible assets	20	1,453,125	1,209,276
Interests in associates	21	890,563	872,815
Interests in joint ventures	22	2,948,987	2,989,657
Other long-term receivables and prepayments	23	577,164	910,093
Financial assets at fair value through profit or loss ("FVTPL")	24	333,752	392,629
Deferred tax assets	25	155,398	187,050
Restricted bank balances	28	-	238,000
Amounts due from related parties	40(c)	943,216	316,373
		38,870,215	38,738,047
Current assets			
Inventories	26	2,850,678	3,078,143
Income tax prepayments		38,269	22,727
Other receivables	27	10,500,485	9,291,403
Trade and bills receivables measured at fair value through other comprehensive income ("FVTOCI")	27	1,355,156	1,510,050
Amounts due from related parties	40(c)	3,169,494	2,722,544
Financial assets at FVTPL	24	37	25,206
Restricted bank balances	28	3,116,022	2,213,671
Bank deposits	29	381,857	151,159
Cash and cash equivalents	29	1,578,824	2,087,992
		22,990,822	21,102,895
Current liabilities			
Financial liabilities at FVTPL	24	2,397	95
Trade and other payables	30	8,276,346	9,204,744
Contract liabilities	31	1,831,252	2,093,425
Income tax payable		352,871	350,334
Bank and other loans	32	25,536,007	20,883,819
Lease liabilities	33	1,495	1,440
Amounts due to related parties	40(c)	1,198,109	1,262,161
		37,198,477	33,796,018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Net current liabilities		(14,207,655)	(12,693,123)
Total assets less current liabilities		24,662,560	26,044,924
Non-current liabilities			
Bank and other loans	<i>32</i>	8,890,401	9,488,091
Lease liabilities	<i>33</i>	639	2,134
Deferred income	<i>34</i>	164,534	153,136
Deferred tax liabilities	<i>25</i>	420,863	464,522
Other payables	<i>30</i>	102,845	49,376
Amounts due to related parties	<i>40(c)</i>	–	10,983
		9,579,282	10,168,242
NET ASSETS		15,083,278	15,876,682
Capital and reserves			
Share capital	<i>35</i>	385,172	385,172
Reserves	<i>36</i>	12,108,054	12,374,602
Total equity attributable to owners of the company		12,493,226	12,759,774
Non-controlling interests		2,590,052	3,116,908
TOTAL EQUITY		15,083,278	15,876,682

The consolidated financial statements on pages 85 to 199 were approved and authorised for issue by the board of directors on March 27, 2026 and are signed on its behalf by:

Yang Xuegang
DIRECTOR

Han Qinliang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Attributable to owners of the Company												
	Share capital	Treasury Stocks	Share premium	Merger reserve	Reserve fund	Safety fund	Foreign currency transaction reserve	Revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	382,246	(37,173)	3,007,156	19,869	1,670,462	44,062	29,649	114,718	217,286	7,450,141	12,898,416	1,574,029	14,472,445
Profit for the year	-	-	-	-	-	-	-	-	-	20,133	20,133	77,670	97,803
Other comprehensive income	-	-	-	-	-	-	39,206	41,116	-	-	80,322	-	80,322
Issue of shares (note 35)	4,802	-	139,253	-	-	-	-	-	-	-	144,055	-	144,055
Repurchase of shares as treasury stocks (note 35)	-	(323,045)	-	-	-	-	-	-	-	-	(323,045)	-	(323,045)
Cancellation of shares (note 35)	(1,876)	62,802	(60,926)	-	-	-	-	-	-	-	-	-	-
Net transfer to safety fund	-	-	-	-	-	(10,052)	-	-	-	10,052	-	-	-
Transfer to reserve fund	-	-	-	-	152,413	-	-	-	-	(152,413)	-	-	-
Partial disposal of subsidiaries	-	-	-	-	-	-	-	-	26,582	-	26,582	1,523,749	1,550,331
Withdrawal of capital investment from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	(13,540)	(13,540)
Dividend declared by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)
Dividends appropriation (note 14)	-	-	-	-	-	-	-	-	-	(86,689)	(86,689)	-	(86,689)
Balance at December 31, 2024	385,172	(297,416)	3,085,483	19,869	1,822,875	34,010	68,855	155,834	243,868	7,241,224	12,759,774	3,116,908	15,876,682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Attributable to owners of the Company												
	Share capital	Treasury Stocks	Share premium	Merger reserve	Reserve fund	Safety fund	Foreign	Revaluation reserve	Other reserve	Retained profits	Total	Non-	Total equity
							currency					controlling	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	385,172	(297,416)	3,085,483	19,869	1,822,875	34,010	68,855	155,834	243,868	7,241,224	12,759,774	3,116,908	15,876,682
Profit for the year	-	-	-	-	-	-	-	-	-	58,008	58,008	76,678	134,686
Other comprehensive expense	-	-	-	-	-	-	(25,246)	-	-	-	(25,246)	-	(25,246)
Repurchase of shares as treasury stocks <i>(note 35)</i>	-	(179,960)	-	-	-	-	-	-	-	-	(179,960)	-	(179,960)
Recognition of equity-settled share-based payment <i>(note 38)</i>	-	-	-	-	-	-	-	-	1,284	-	1,284	-	1,284
Net transfer to safety fund	-	-	-	-	-	9,984	-	-	-	(9,984)	-	-	-
Transfer to reserve fund	-	-	-	-	119,222	-	-	-	-	(119,222)	-	-	-
Partial disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,093)	-	(1,093)	1,181	88
Capital contributions from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	-	(16,073)	-	(16,073)	(483,927)	(500,000)
Dividend declared by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(122,288)	(122,288)
Dividends appropriation <i>(note 14)</i>	-	-	-	-	-	-	-	-	-	(103,468)	(103,468)	-	(103,468)
Balance at December 31, 2025	385,172	(477,376)	3,085,483	19,869	1,942,097	43,994	43,609	155,834	227,986	7,066,558	12,493,226	2,590,052	15,083,278

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before taxation	183,236	109,397
Adjustments for:		
Finance costs	1,390,523	1,410,397
Interest income	(133,423)	(225,651)
Share of results of associates	(13,580)	(30,899)
Share of results of joint ventures	(37,657)	(74,957)
Impairment losses (including reversals of impairment losses) on financial assets	(4,033)	(61,616)
Depreciation of property, plant and equipment	1,853,563	2,085,650
Depreciation of right-of-use assets	44,288	107,102
Amortization of intangible assets	154,614	139,019
Impairment of property, plant and equipment	15,762	–
Impairment of goodwill	–	20,088
Loss on disposal of property, plant and equipment	6,935	6,980
Gain on disposal of right-of-use assets	(30,556)	(17,787)
Gain on disposal of subsidiaries	(33,769)	(10,413)
Deferred income released to profit or loss	(16,345)	(15,835)
Change in fair value of investment property	13,218	19,609
Change in fair value of financial assets/liabilities at FVTPL	(28,544)	76,389
Foreign exchange loss/(gain)	2,306	(10,980)
Gain on modification of payables to third parties	(231,476)	–
Insurance proceed received	(40,000)	–
Operating cash flows before movements in working capital	3,095,062	3,526,493
Decrease in inventories	227,465	328,132
Increase in amounts due from related parties	(688,673)	(706,714)
(Decrease)/increase in amounts due to related parties	(133,573)	121,792
Increase in other receivables	(1,185,682)	(1,867,583)
Decrease/(increase) in trade and bills receivables measured at FVTOCI	2,715,282	(712,041)
(Decrease)/increase in trade and other payables	(166,410)	1,154,099
Decrease in contract liabilities	(262,173)	(307,646)
(Increase)/decrease in other long-term receivables and prepayments	(62,836)	16,000
Cash generated from operations	3,538,462	1,552,532
Income tax paid, net of tax refunded	(73,562)	(116,265)
Net cash from operating activities	3,464,900	1,436,267

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Investing activities			
Purchase of property, plant and equipment		(2,421,571)	(2,677,954)
Proceeds from disposal of property, plant and equipment		65,219	535
Purchase of right-of-use assets		(22,425)	(86,755)
Purchase of intangible assets		(398,463)	(67,590)
Purchase of financial assets at FVTPL		(34,524)	(114,317)
Proceeds from relocation compensation		109,091	–
Proceeds from disposal of right-of-use assets		11,437	–
Loan to third parties		–	(250,000)
Repayment of loan to third parties		450,000	200,000
Proceeds from disposal of financial assets at FVTPL		146,404	205,397
Net cash outflow on acquisition of a subsidiary	37	–	(160,365)
Net cash inflow on disposal of a subsidiary		47,898	16,004
Net cash inflow on disposal of an associate		1,225	17,200
Interest received		68,764	114,026
Government grants received		27,982	46,914
Dividends received from associates		132,624	9,346
Placement of restricted bank balances		(11,021,489)	(7,546,982)
Withdrawal of restricted bank balances		10,357,138	7,469,962
Placement of bank deposits		(987,612)	(135,159)
Withdrawal of bank deposits		756,914	–
Deposits for other loans		(142,334)	(137,265)
Placement of loans to related parties		(459,547)	(659,939)
Withdrawal of loans to related parties		38,452	263,904
Investments in joint ventures		–	(8,500)
Investments in associates		(139,556)	(142,207)
Net cash inflow in liquidation of a joint venture		8,500	–
Net cash used in investing activities		(3,405,873)	(3,643,745)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Financing activities			
Issue of shares	35	–	144,055
Repurchase of shares as treasury stocks	35	(179,960)	(323,045)
Capital contribution from non-controlling shareholders		1,500	1,550,331
Partial disposal of a subsidiary		88	–
Acquisition of non-controlling interests		(500,000)	–
Withdrawal of capital investment from a non-controlling shareholder		–	(13,540)
Dividend paid to shareholders		(103,468)	(86,689)
Interest paid		(1,343,915)	(1,301,929)
Dividend paid to non-controlling interests		(122,288)	(78,100)
Proceeds from new bank and other loans		25,620,141	21,881,147
Repayment of bank and other loans		(23,988,785)	(18,659,955)
Repayment of lease liabilities		(1,548)	(37,870)
Advance from a related party		48,000	–
Repayment to a related party		–	(23,530)
Net cash (used in)/from financing activities		(570,235)	3,050,875
Net (decrease)/increase in cash and cash equivalents		(511,208)	843,397
Cash and cash equivalents at the beginning of the year		2,087,992	1,239,270
Effect of foreign exchange rate changes		2,040	5,325
Total cash and cash equivalents at the end of the year		1,578,824	2,087,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. GENERAL INFORMATION

China Risun Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed “Corporate Information” section to the annual report.

The ultimate holding company and immediate holding company of the Company is Texson Limited (“Texson”, the “Ultimate Holding Company”), a company incorporated in the British Virgin Islands (the “BVI”), and ultimately controlled by Mr. Yang Xuegang (the “Ultimate Controlling Shareholder”).

The principal activities of the subsidiaries are set out in note 46. The consolidated financial statements of the Company and its subsidiaries (collectively referred to the “Group”) are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2025, the Group had net current liabilities of RMB14,208 million. The directors of the Company (the “Directors”) are of the opinion that, taking into consideration the availability of unutilized banking facilities of the Group amounting to RMB8,036 million at the report date, of which RMB7,110 million is unconditional and RMB926 million is the outstanding portion of a syndicated loan for special purpose of construction of certain production line, and the assumption that approximately 60% of bank loans and other banking facilities at December 31, 2025 will be successfully renewed upon maturity, the Group has sufficient financial resources to meet in full its financial obligation when they fall due for the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING ESTIMATE

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 International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 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 December 31, 2025

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING ESTIMATE (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 IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

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

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

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

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, 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; provide disclosures on management-defined performance measures (MPMs) 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 *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 January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN ACCOUNTING ESTIMATE *(continued)*

Change in accounting estimate

During the current year, in consideration of changes in government policy regarding Guidance Catalogue for Industrial Structure Adjustment and Opinions (產業結構調整指導目錄) issued by National Development and Reform Commission, People's Republic of China ("PRC") on promoting the implementation of ultra-low emissions in the coking industry as well as a detailed assessment of the operating conditions of the assets at its coke production plants and the designed useful lives of these assets, the management proposed, and the Directors of the Company approved to extend the estimated useful lives of certain property, plant, and equipment of the Group, primarily coke ovens and related supporting facilities and equipment, by 5 to 10 years after considering the new government policy and the current conditions of relevant assets, effective from January 1, 2025.

This change in accounting estimate has been applied prospectively and therefore has no impact on the Group's financial condition or results of operations for prior periods. As a result of this change:

1. the Group's depreciation expense decreased by approximately RMB195 million during the current year, with a corresponding increase in the carrying amount of property, plant, and equipment as at December 31, 2025;
2. the Group's income tax expenses increased by approximately RMB33 million during the current year;
3. the Group's segment results of coke and coking chemicals manufacturing increased by approximately RMB162 million during the current year.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 and by the Hong Kong Companies Ordinance.

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 where 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of consolidation *(continued)*

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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Business combinations or asset acquisitions

Asset acquisitions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Business combinations or asset acquisitions *(continued)*

Business combinations *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Goodwill *(continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit (or a group of cash-generating units) may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Interests in associates and joint ventures *(continued)*

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss be recognized in profit or loss.

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

Revenue from contracts with customers

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

Leases

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

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 recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received; 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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Lease liabilities

At the commencement date of a lease, the Group recognizes 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 a credit risk adjustment based on bond yields.

The lease payments include:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be paid under residual value guarantees.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as a lessor *(continued)*

Classification and measurement of leases (continued)

Rental income from operating lease is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as income when they arise.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Borrowing costs

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Share-based payments

Equity-settled share-based payment transactions

Share awards granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserve.

When share awards granted are vested, the amount previously recognized in other reserve will be transferred to treasury stocks.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation 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.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary difference associated with investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation *(continued)*

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 realized, based on tax rates (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 amounts of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and right-of-use assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized 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 levied to the same taxable entity by the same taxation authority.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation *(continued)*

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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 properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply of goods or services, or for administrative purposes are carried at cost, less any recognized 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, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognized in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. 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 statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognized in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment *(continued)*

Depreciation is recognized so as to write off the costs (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized 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 net disposal proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include leased properties which are being recognized as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the CGU) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using weighted average cost formula. Net realizable value represents the estimated selling price for inventories less all estimated costs to completion and the 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, including costs to be incurred in marketing, selling and distribution.

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. 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, including costs to be incurred in marketing, selling and distribution.

Properties under development for sale are transferred to properties for sale upon completion.

Provisions

Provisions are recognized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Provisions *(continued)*

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

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

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

Financial instruments

Financial assets and financial liabilities are recognized 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 and 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 recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized 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 December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized 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 generally by regulation or convention in the market place concerned.

All recognized 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 amortized cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and receivables subsequently measured at FVTOCI. 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 recognized by applying the effective interest rate to the amortized 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 recognized 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.

Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognized in OCI and accumulated under the other reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. When these receivables are derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Financial assets at FVTPL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other long-term receivables, other receivables, trade and bills receivables measured at FVTOCI, amounts due from related parties, restricted bank balances, bank deposits and cash and cash equivalents) and financial guarantee contracts which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at the end of each reporting period 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of each reporting period. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the end of each reporting period as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables and amounts due from related parties arising from contracts with customers. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings except that significant balances or credit-impaired receivables are assessed individually.

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

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 end of each reporting period with the risk if 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, governmental bodies, and other similar organisations, 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 December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A financial instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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 December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

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 all amounts due in accordance with the contractual terms.

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.

Credit-impaired financial assets

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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information, including time value of money where appropriate, that is available without undue cost and effort.

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

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtors or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

Measurement and recognition of ECL (continued)

For financial guarantee contracts, the loss allowances are recognized at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognized less, where appropriate, cumulative amount of income recognized over the guarantee period.

Except for trade and bill receivables measured at FVTOCI and financial guarantee contract, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables where the corresponding adjustment is recognized through a loss allowance account. For trade and bill receivables measured at FVTOCI, the loss allowance is recognized in OCI and accumulated in the other reserve without reducing the carrying amounts of these debt receivables. Such amount represents the changes in the other reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item (note 8) as part of the net foreign exchange gains/(losses);
- For debt instruments/receivables measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument/receivables are recognized in profit or loss in the 'Other gains and losses' line item (note 8) as part of the net foreign exchange gains/(losses). As the foreign currency element recognized in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the FVTOCI/revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 8);

Derecognition of financial assets

The Group derecognizes a financial asset only when the rights to receive cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets (continued)

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserve is reclassified to profit or loss.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial liabilities at amortized cost

Financial liabilities at amortized cost, including trade and other payables, amounts due to related parties and bank and other loans, are initially measured at fair value, net of transaction costs. Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortization recognized over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency, not part of a designated hedging relationship and measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss (note 8) as part of net foreign exchange gains/(losses).

The fair value of financial liabilities, denominated in a foreign currency and not part of a designated hedging relationship, is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 recognized in the period in which the estimates is 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.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition

Application of various accounting principles related to the measurement and recognition of revenue requires the Group to make judgements and estimates. Specifically, significant judgments include determining whether the Group is acting as the principal in a transaction. The Group is a principal in a transaction if the Group obtains control of the products sold or services provided before they are transferred to customers. When the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the Directors have determined the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. The Group has recognized deferred tax on changes in fair value of investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are as follows:

Impairment of goodwill, property, plant and equipment

In determining whether an asset is impaired, the management makes an estimation of recoverable amount of an individual asset or the cash-generating unit to which the asset belongs, and has to exercise judgement and make significant degree of estimation in determining the recoverable amount of the assets, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong.

In determining whether goodwill is impaired, the management makes an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value.

Changing the assumptions selected by management to determine the level of impairment, including product price, volume of sales and growth rate, gross profit ratio or discount rate assumptions used in estimating future cash flows, could materially affect the net present value used in the impairment test. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2025, the carrying amount of property, plant and equipment less accumulated depreciation and accumulated impairment losses was RMB27,991,912,000 (2024: RMB27,831,672,000), the carrying amount of goodwill is RMB212,347,000 (2024: RMB212,347,000), after recognition of impairment loss on goodwill of RMBNil (2024: RMB20,088,000). Details of the impairment assessment of property, plant and equipment and goodwill are disclosed in notes 16 and 19 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment of interests in associates

The Group assesses whether there is any objective evidence of impairment of interests in associates at the end of each reporting period. Test for impairment is required when there is an objective evidence that the carrying amount may not be recoverable. For the interests in associates, an impairment exists when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation for the interests in associates requires the Group to estimate the future cash flows expected to arise from the associates and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. The carrying amount of interests in associates as at December 31, 2025 were RMB890,563,000 (2024: RMB872,815,000).

Estimated impairment of doubtful receivables

The Group recognizes lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast conditions at end of the reporting period. In addition, the Group recognizes lifetime ECL for other receivables when there has been a significant increase in credit risk since initial recognition. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. Further details are included in note 42.

Taxation

Determining tax provisions involves judgement on the future tax treatments of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account of all changes in tax legislations.

The recognition of deferred tax assets require formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology, changes in commodity pricing and future assessable profits or taxable temporary differences. Where the expectations are different from the original estimates, a reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such estimates are changed. Further details are included in note 25.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Fair values of investment properties *(continued)*

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, changes in policy direction and/or mortgage requirements would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of the Group's investment properties is RMB1,883,422,000 (2024: RMB1,896,640,000).

6. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue represents the amount received and receivable from the sales of goods to external customers arising from the coke and coking chemicals, refined chemicals, operation management services, trading, sales of properties arising from property development and rental income.

Revenue from the sales of goods directly to customers is recognized when control of the goods has been transferred, being when the products are accepted by the customers at the customer's specific destination or the Group's plants. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the products purchased once accepted.

Revenue from the management service provided to customers is recognized over time when services are provided.

Revenue from sales of properties is recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Principal versus agent

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

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

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

Operating segment

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under IFRS 8 *Operating Segments* are as follows:

- Coke and coking chemicals manufacturing segment: the production and sale of coke and a series of coking chemicals from externally sourced coking coals processed at the Group’s coking facilities;
- Refined chemicals manufacturing segment: the purchase of coking chemicals from the Group’s coke and coking chemicals manufacturing segment and third parties, and processing such coking chemicals into refined chemical products at the Group’s refined chemicals facilities, as well as marketing and selling such refined chemicals;
- Operation management segment: the operation management service provided to the third-party plants, providing of raw materials and the sale of coke, coking chemicals and refined chemicals produced by these plants under the management service agreements and commissioned processing contracts;
- Trading segment: the sourcing of coke, coking chemicals and refined chemicals from third parties and the marketing, sale and distribution of such coal chemicals; and
- Other segment: developing and selling commercial and residential properties, and holding of properties to generate rental income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

The CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into coke and coking chemicals manufacturing segment, refined chemicals manufacturing segment, operation management segment, trading segment and others segment respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and similar methods used to distribute their products. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4.

During the current year, the CODM evaluates the performance of rental business arose from the acquisition of Risun Chemicals Technology Research Co., Ltd. in December 2024 together with other segment. As a result, the Group reclassified assets and liabilities of related rental business from unallocated corporate assets and liabilities to other segment. The comparative figures for the prior period have been re-presented in order to align them with the current year's presentation. The reclassification did not have any material impact on the Group's segment revenue and results for the prior period presented.

Segment results, assets and liabilities

The CODM monitors the results, assets and liabilities attributable to each reporting segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

All assets are allocated to segment assets other than unallocated head office and corporate assets. All liabilities are allocated to segment liabilities other than unallocated head office and corporate liabilities.

To arrive at segment results, the Group's earnings are adjusted for unallocated head office and corporate expenses which are not specifically attributable to individual segments.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter segment sales and share of profits or losses of associates and joint ventures), depreciation, amortization and additions to non-current segment assets used by the segments in their operations.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION (continued)

Operating segment (continued)

Segment results, assets and liabilities (continued)

The following is an analysis of the Group's results, assets and liabilities by reportable segments:

	Year ended/as at December 31, 2025					
	Coke and Coking Chemicals Manufacturing RMB'000	Refined Chemicals Manufacturing RMB'000	Operation Management RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with external customers						
Sale of coke and coking chemicals	13,515,076	-	-	-	-	13,515,076
Sale of refined chemicals	-	17,796,457	1,711,639	-	-	19,508,096
Trading	-	-	-	5,956,004	-	5,956,004
Management services	-	-	92,488	-	-	92,488
Property development and investment	-	-	-	-	214,819	214,819
	13,515,076	17,796,457	1,804,127	5,956,004	214,819	39,286,483
Inter-segment revenue	2,062,693	559,833	-	-	-	2,622,526
Reportable segment revenue	15,577,769	18,356,290	1,804,127	5,956,004	214,819	41,909,009
Reportable segment results	254,779	260,018	50,726	(104,085)	24,107	485,545
Unallocated head office and corporate expenses						(302,309)
Profit before taxation						183,236
Reportable segment assets (including interests in associates and joint ventures)	21,792,412	22,206,815	373,543	13,283,418	2,373,338	60,029,526
Reportable segment liabilities	16,513,109	18,160,784	235,538	9,631,625	1,361,322	45,902,378
Other information:						
Additions to non-current segment assets during the year	1,069,206	1,382,404	-	48,692	30,157	2,530,459
Share of results of associates	(40,726)	54,306	-	-	-	13,580
Share of results of joint ventures	37,657	-	-	-	-	37,657
Depreciation and amortization for the year	968,233	1,035,140	1,217	28,492	829	2,033,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION (continued)

Operating segment (continued)

Segment results, assets and liabilities (continued)

	Year ended/as at December 31, 2024					
	Coke and Coking Chemicals Manufacturing RMB'000	Refined Chemicals Manufacturing RMB'000	Operation Management RMB'000	Trading RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with external customers						
Sale of coke and coking chemicals	17,642,275	-	-	-	-	17,642,275
Sale of refined chemicals	-	20,729,404	4,171,256	-	-	24,900,660
Trading	-	-	-	4,740,319	-	4,740,319
Management services	-	-	53,878	-	-	53,878
Property development and investment	-	-	-	-	205,607	205,607
	17,642,275	20,729,404	4,225,134	4,740,319	205,607	47,542,739
Inter-segment revenue	1,874,687	675,230	-	-	-	2,549,917
Reportable segment revenue	19,516,962	21,404,634	4,225,134	4,740,319	205,607	50,092,656
Reportable segment results	86,687	555,514	54,665	(271,582)	8,152	433,436
Unallocated head office and corporate expenses						(324,039)
Profit before taxation						109,397
Reportable segment assets						
(including interests in associates and joint ventures)	20,691,175	22,583,766	503,557	11,937,500	2,226,612	57,942,610
Reportable segment liabilities	15,054,904	15,863,939	314,370	10,628,364	1,434,790	43,296,367
Other information:						
Additions to non-current segment assets during the year	1,296,181	1,012,810	-	147,332	1,680,271	4,136,594
Share of results of associates	(36,454)	67,353	-	-	-	30,899
Share of results of joint ventures	74,957	-	-	-	-	74,957
Depreciation and amortization for the year	1,118,422	1,137,615	13,182	31,072	-	2,300,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

Reconciliations of reportable segment revenue, results, assets and liabilities.

	Year ended/as at December 31,	
	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	41,909,009	50,092,656
Elimination of inter-segment revenue	(2,622,526)	(2,549,917)
Consolidated revenue	39,286,483	47,542,739
Results		
Reportable segment results	485,545	433,436
Unallocated head office and corporate expenses	(302,309)	(324,039)
Profit before taxation	183,236	109,397
Assets		
Reportable segment assets	60,029,526	57,942,610
Unallocated head office and corporate assets	1,831,511	1,898,332
Consolidated total assets	61,861,037	59,840,942
Liabilities		
Reportable segment liabilities	45,902,378	43,296,367
Unallocated head office and corporate liabilities	875,381	667,893
Consolidated total liabilities	46,777,759	43,964,260

Geographic information

Except for the cost of interests in joint ventures and an associate amounting to RMB1,262,486,000 (2024: RMB1,262,486,000) and RMB219,467,000 (2024: RMB219,467,000) respectively, and share of post-acquisition results of the abovesaid investees amounting to RMB89,070,000 (2024: RMB139,749,000) which were operated in Indonesia, and 3% (2024: 3%) of the Group's revenue which were derived from external customers incorporated outside the PRC, the Group's revenue and profit were derived from the PRC and all principal assets employed by the Group are located in the PRC during the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6. REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segment *(continued)*

Segment results, assets and liabilities *(continued)*

Major customers

No individual customer had transactions exceeding 10% of the Group's revenue for both periods presented. Details of concentrations of credit risk are set out in note 42.

7. OTHER INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Interest income	133,423	225,651
Value-added Tax ("VAT") concession <i>(Note a)</i>	190,437	212,742
Production waste sales	68,565	46,516
Government grants <i>(Note 23 and Note b)</i>	200,691	49,120
Others	62,931	52,091
	656,047	586,120

Notes:

- a. During the year ended December 31, 2025 and 2024, certain subsidiaries of the Company are qualified as "Advanced Manufacturing Enterprises", which are eligible for an extra 5% VAT deduction based on their deductible input VAT during the period from January 1, 2023 to December 31, 2027.
- b. Government grants were received from several local government authorities as subsidies for the Group's contribution to the environmental protection, energy conservation recycling resources, foreign investment and infrastructure construction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Fair value gain/(loss) of financial assets/liabilities at FVTPL:		
– Listed equity securities	24,969	(38,133)
– Unlisted equity securities	(11,012)	30,890
– Private equity investment funds	15,460	(67,058)
– Futures contracts	2,584	5,905
– Derivative financial instruments	–	(1,332)
– Other non-derivative financial assets	(873)	(756)
Impairment losses of property, plant and equipment (<i>note 16</i>)	(15,762)	–
Impairment losses of goodwill (<i>note 19</i>)	–	(20,088)
Loss on foreign exchange, net	(35,145)	(27,103)
Gain/(loss) on disposal of:		
– right-of-use assets	30,556	17,787
– property, plant and equipment	(6,935)	(6,980)
Fair value change of investment properties	(13,218)	(19,609)
Gain on disposal of subsidiaries	33,769	10,413
Insurance proceeds (<i>Note a</i>)	45,000	–
Gains on modification of payables to third parties (<i>Note b</i>)	231,476	–
Others	74,531	24,408
	375,400	(91,656)

Notes:

- a. During the current year, the Group entered into compensation agreement with an insurance company, pursuant to which the insurance company agreed to compensate RMB45 million in relation to property, plant and equipment of the hydrogen peroxide production line which was damaged due to a fire accident in September 2023.
- b. During the current year, the Group entered into supplementary agreements with certain construction suppliers, pursuant to which both parties agreed to modify payment terms and payable amounts to these suppliers. The modification was considered as a substantial modification which resulted in the derecognition of the original financial liabilities and recognition of new financial liabilities. Gains amounting to RMB231,476,000 arising from the modification were recognized to other gains and losses accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

9. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Impairment losses (reversed)/recognized on:		
Trade and other receivables	(567)	(50,463)
Other long-term receivables	(21,322)	(16,374)
Amounts due from related parties	17,856	5,221
	(4,033)	(61,616)

Details of impairment assessment are set out in note 42.

10. FINANCE COSTS

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Interest on bank loans	966,882	952,104
Interest on other loans	377,033	349,825
Finance expenses on bills receivable discounted	89,672	105,364
Finance charges on lease liabilities	108	19,452
	1,433,695	1,426,745
Less: Amount capitalized in construction in progress (<i>Note</i>)	(43,172)	(16,348)
	1,390,523	1,410,397

Note: The finance costs were capitalized at annual rates of 3.65%-6.00% per annum during the year ended December 31, 2025 (2024: 4.01%-5.90%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

11. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	1,120,533	1,170,548
Contributions to retirement benefits scheme	95,393	99,197
Share-based payments	1,284	–
Total staff costs	1,217,210	1,269,745
Capitalized in construction in progress	(46,600)	(25,066)
Capitalized in inventories	(560,857)	(609,071)
	609,753	635,608
Depreciation of property, plant and equipment	1,854,007	2,085,737
Depreciation of right-of-use assets	44,288	107,102
Amortization of intangible assets	154,614	139,019
Total depreciation and amortization	2,052,909	2,331,858
Capitalized in construction in progress	(444)	(87)
	2,052,465	2,331,771
Auditors' remuneration (including subsidiaries' auditors)	11,588	9,085
Gross rental income from investment properties	97,395	4,500
Cost of inventories recognized as an expense	35,469,894	43,880,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

	Year ended December 31, 2025					Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based expense RMB'000	Retirement benefits scheme contributions RMB'000	
Executive directors						
Yang Xuegang	-	5,679	-	-	17	5,696
Lu Xiaomei	-	2,265	211	-	-	2,476
Li Qinghua	-	800	-	-	-	800
Han Qinliang	-	800	-	29	68	897
Wang Nianping	-	800	-	29	-	829
Yang Lu	-	938	-	-	68	1,006
Subtotal	-	11,282	211	58	153	11,704
Independent non-executive directors						
Wang Jinping	379	-	-	-	-	379
Yu Kwok Kuen Harry	379	-	-	-	-	379
Liu Xiaofeng	379	-	-	-	-	379
Subtotal	1,137	-	-	-	-	1,137
Total	1,137	11,282	211	58	153	12,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

	Year ended December 31, 2024				Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefits scheme contributions RMB'000	
Executive directors					
Yang Xuegang	–	5,797	–	66	5,863
Zhang Yingwei (Resigned on April 1, 2024)	–	200	–	16	216
Han Qinliang	–	800	300	66	1,166
Wang Fengshan (Retired on April 1, 2024)	–	200	–	–	200
Wang Nianping	–	800	300	–	1,100
Yang Lu	–	957	300	66	1,323
Li Qinghua (Appointed on April 1, 2024)	–	600	300	–	900
Lu Xiaomei (Appointed on April 1, 2024)	–	1,722	216	–	1,938
Subtotal	–	11,076	1,416	214	12,706
Independent non-executive directors					
Wang Yinping	389	–	–	–	389
Yu Kwok Kuen Harry	389	–	–	–	389
Kang Woon (Resigned on July 10, 2024)	227	–	–	–	227
Liu Xiaofeng (Appointed on October 15, 2024)	88	–	–	–	88
Subtotal	1,093	–	–	–	1,093
Total	1,093	11,076	1,416	214	13,799

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors are entitled to bonus payments which are determined based on the duties and responsibilities of the Directors as well as the operating results of the Group.

Neither the chief executive nor any of the Directors waived any emoluments during the reporting period.

Five highest paid individuals

The five highest paid individuals of the Group during the year ended December 31, 2025 included four Directors (2024: four), whose emoluments are disclosed above. The emoluments in respect of the remaining highest paid individuals during the reporting period are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	1,166	1,100
Retirement benefits scheme contributions	–	66
Equity-settled share-based payments	15	–
	1,181	1,166

The remunerations of the five (2024: five) highest paid employees (including Directors) are within the following bands:

	Year ended December 31,	
	2025 Number of employees	2024 Number of employees
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$5,000,000	1	–
HK\$6,000,000 to HK\$6,500,000	1	1

During the reporting period, no amount was paid or payable by the Group to the Directors or any of the five (2024: five) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

13. INCOME TAX EXPENSE

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current tax expense	60,557	98,198
Deferred tax credit (note 25)	(12,007)	(86,604)
	48,550	11,594

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group did not earn any income subject to any income tax in these jurisdictions during the reporting period.

The Group's subsidiaries in Hong Kong had no assessable profits for the years ended December 31, 2025 and 2024, and no provision for taxation is made.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for the reporting period, except for certain subsidiaries which enjoyed tax rate of 15% due to relevant incentive policies.

During the years ended December 31, 2025 and 2024, certain subsidiaries of the Company are qualified as "High and New Tech Enterprises", which are subject to PRC enterprise income tax at the preferential tax rate of 15% of the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. This preferential rate could be applied for three years, and the subsidiaries are eligible to apply the tax concession again upon expiry of the three-year period.

Certain subsidiaries of the Company operating in the PRC are eligible for tax holiday and concession. Pursuant to the relevant tax rules and regulation in the PRC, revenue from comprehensive utilization of resources ("資源綜合利用") is eligible for additional tax deduction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

13. INCOME TAX EXPENSE (continued)

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

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000 (Restated)
Profit before taxation	183,236	109,397
Tax at the PRC tax rate of 25%	45,809	27,349
Tax effect on:		
Share of results of associates and joint ventures	(12,809)	(26,462)
Non-deductible expenses	7,245	4,842
Unused tax losses and temporary differences not recognized	172,352	117,329
Utilization of tax losses previously not recognized	(88,306)	–
PRC tax concessions	(75,741)	(111,464)
Income tax expense for the year	48,550	11,594

14. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends recognized as distribution during the year:		
2025 Interim, paid – RMB¥0.2 per share	8,561	–
2024 Final, paid – RMB¥2.22 per share	94,907	–
2024 Interim, paid – RMB¥0.78 per share	–	33,821
2023 Final, paid – RMB¥1.2 per share	–	52,868
	103,468	86,689

Subsequent to the end of the reporting period, the final dividend in respect of the year ended December 31, 2025 of RMB0.163 cents per ordinary share, with total amount of RMB6,974,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
Earnings		
Profit attributable to the owners of the Company (RMB'000)	58,008	20,133
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,305,953,351	4,364,323,440
Effect of dilutive potential ordinary shares:		
Equity-settled share-based payment	3,286,890	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,309,240,241	4,364,323,440
Basic earnings per share (RMB)	0.013	0.005
Diluted earnings per share (RMB)	0.013	N/A

No diluted earnings per share was presented for year ended December 31, 2024 as there were no dilutive potential ordinary shares in issue.

The effect of treasury shares has been included in the calculation of weighted average number of ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2024	14,642,605	19,663,379	67,097	171,939	865,702	35,410,722
Additions	–	126,228	15,953	11,573	2,050,757	2,204,511
Transfer from construction in progress	463,497	713,751	–	–	(1,177,248)	–
Acquisition of a subsidiary (note 37)	834,897	41	–	41	–	834,979
Transfer to investment properties (note 18)	(17,307)	–	–	–	–	(17,307)
Disposals and write-off	(27,704)	(118,504)	(8,725)	(566)	–	(155,499)
At December 31, 2024	15,895,988	20,384,895	74,325	182,987	1,739,211	38,277,406
Additions	–	49,294	11,014	16,212	2,033,051	2,109,571
Transfer from construction in progress	487,021	1,179,179	–	–	(1,666,200)	–
Disposals and write-off	(41,642)	(177,847)	(6,021)	(1,730)	–	(227,240)
Disposals of subsidiary	(1,647)	(4,040)	–	–	–	(5,687)
At December 31, 2025	16,339,720	21,431,481	79,318	197,469	2,106,062	40,154,050
Depreciation and impairment						
At January 1, 2024	2,490,735	5,886,728	46,533	89,337	–	8,513,333
Depreciation	613,399	1,433,431	11,433	27,474	–	2,085,737
Transfer to investment properties (note 18)	(12,531)	–	–	–	–	(12,531)
Disposals and write-off	(23,988)	(109,517)	(6,976)	(324)	–	(140,805)
At December 31, 2024	3,067,615	7,210,642	50,990	116,487	–	10,445,734
Depreciation	534,209	1,282,310	12,772	24,716	–	1,854,007
Impairment	6,660	9,102	–	–	–	15,762
Disposals and write-off	(32,947)	(113,416)	(5,468)	(1,330)	–	(153,161)
Disposals of subsidiary	(180)	(24)	–	–	–	(204)
At December 31, 2025	3,575,357	8,388,614	58,294	139,873	–	12,162,138
Carrying amounts						
At December 31, 2025	12,764,363	13,042,867	21,024	57,596	2,106,062	27,991,912
At December 31, 2024	12,828,373	13,174,253	23,335	66,500	1,739,211	27,831,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residuals, are depreciated on a straight-line basis as follows:

Buildings	20-40 years
Machinery and equipment	5-30 years
Motor vehicles	3-12 years
Office equipment	2-15 years

During the year ended December 31, 2025, the Group extended the estimated useful lives of certain property, plant and equipment, primarily coke ovens and related supporting facilities and equipment by 5 to 10 years. Details are set out in note 3.

Details of the pledged property, plant and equipment are set out in note 45.

Impairment assessment

As certain production lines in refined chemicals manufacturing segment have been idle and suspended from production during the year ended December 31, 2025, the management of the Group concluded there were impairment indicators. Accordingly, an impairment assessment was conducted for the related CGUs.

The Group recognized impairment losses of RMB16 million to property, plant and equipment for these production lines. The recoverable amount of the related CGUs has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 13.31% as at 31 December 2025. The cash flows beyond the 5 years period are extrapolated using 2% growth rate.

17. RIGHT-OF-USE ASSETS

Carrying amount	Leasehold lands RMB'000	Office and Equipment RMB'000 (Note a)	Total RMB'000
As at January 1, 2024	1,608,233	608,892	2,217,125
Additions	120,234	4,390	124,624
Disposal	–	(513,363)	(513,363)
Disposal of a subsidiary	(5,592)	–	(5,592)
Derecognition due to acquisition of a subsidiary (Note b)	–	(34,198)	(34,198)
Depreciation charge	(44,917)	(62,184)	(107,101)
As at December 31, 2024	1,677,958	3,537	1,681,495
Additions	22,425	–	22,425
Disposal (Note c)	(165,714)	–	(165,714)
Disposal of a subsidiary	(13,589)	–	(13,589)
Depreciation charge	(42,825)	(1,463)	(44,288)
As at December 31, 2025	1,478,255	2,074	1,480,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

17. RIGHT-OF-USE ASSETS *(continued)*

	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	6,614	4,691
Total cash outflow for leases	8,162	42,561

Notes:

- a. For both years, the Group leases various offices, warehouse properties, equipment for its operations. Lease contracts are entered into for fixed terms of 12 months to 3 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.
- b. During the year ended December 31, 2024, the Group derecognized right-of-use assets and lease liabilities amounting to RMB34,198,000 and RMB45,835,000, respectively, arising from office lease from Risun Chemicals Technology Research Co., Ltd. ("Risun Research") which is consolidated by the Group as set out in note 37.
- c. During the year ended December 31, 2025, the Group disposed of leasehold lands to a local government and a third party with carrying amounts of RMB159 million and RMB6 million respectively, for total consideration of RMB196 million.

18. INVESTMENT PROPERTIES

The Group leased out various offices under operating leases with fixed rentals receivable monthly. The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2025 RMB'000	2024 RMB'000
FAIR VALUE		
As at January 1,	1,896,640	176,380
Transfer from property, plant and equipment	–	59,598
Acquisition of a subsidiary <i>(note 37)</i>	–	1,680,271
Fair value change	(13,218)	(19,609)
As at December 31,	1,883,422	1,896,640

The fair value of the Group's investment properties as at December 31, 2025 has been arrived at on the basis of a valuation carried out by independent qualified professional valuers not connected to the Group using income capitalization technique and direct comparison valuation technique.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting. The fair value measurement is categorized into Level 3 fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

18. INVESTMENT PROPERTIES (continued)

	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
A group of properties located at Fengtai District, Beijing ("Risun Plaza")	Income capitalization	Capitalization rate 5.5% (2024: 5.5%), taking into account the capitalization of rental income potential, nature of the property, and prevailing market condition	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
Office units located in Beijing and Hebei Provinces	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property	An increase in the market unit rate used would result in an increase in fair value, and vice versa.

19. GOODWILL

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost		
Acquisition of Cangzhou Risun Chemicals Limited ("Cangzhou Risun")	31,808	31,808
Acquisition of Wuhu Shunri Xinze Equity Investment Partnership (LP) ("Shunri Xinze")	200,627	200,627
	232,435	232,435
Impairment		
Acquisition of Shunri Xinze	(20,088)	(20,088)
	212,347	212,347

For the purpose of impairment testing, goodwill generated from the acquisition of Cangzhou Risun is attributable to its caprolactam production line, and goodwill generated from the acquisition of Shunri Xinze is allocated to a group of coke and refined chemical production lines, each of which constitutes a CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

19. GOODWILL (continued)

As at December 31, 2025, the Group prepared cash flow projection for Cangzhou Risun and Shunri Xinze based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 10.64% (2024: 13.95%) and 11.76% (2024: 14.04%), respectively. The cash flow beyond the 5-year period was a 1.6% (2024: 1.2%) growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on Cangzhou Risun and Shunri Xinze's past performance and management's expectations for the market development.

The Directors believe that any reasonably possible change in any of these assumptions in relation to value in use calculation of CGUs to which goodwill generated from the acquisition of Cangzhou Risun and Shunri Xinze was allocated would not cause the aggregate carrying amount to exceed its aggregate recoverable amount.

20. INTANGIBLE ASSETS

	2025 RMB'000	2024 RMB'000
Cost:		
As at January 1,	1,778,853	1,711,263
Additions	398,463	67,590
As at December 31,	2,177,316	1,778,853
Accumulated amortization and impairment:		
As at January 1,	569,577	430,558
Charge for the year	154,614	139,019
As at December 31,	724,191	569,577
Carrying amounts:		
As at December 31,	1,453,125	1,209,276

The intangible assets are mainly coking capacity indicators and patented use rights of techniques. The coking capacity indicators are amortized on a straight-line basis based on the useful life of coke production line, other intangible assets are amortized on a straight-line basis over the patented periods ranging from 5 to 10 years, based on the shorter of the period of their contractual rights or expected useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

21. INTERESTS IN ASSOCIATES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cost of investments	1,079,877	941,546
Share of post-acquisition profits and other comprehensive income, net of dividend received and receivable	31,594	152,177
Less: impairment (<i>Note</i>)	(220,908)	(220,908)
	890,563	872,815

Note: As at December 31, 2025 and 2024, impairment of RMB220,908,000 was recognized against 30% equity interest in Yangmei Group Shouyang Jingfu Coal Co., Ltd. ("Jingfu Coal") held by the Group mainly due to the utilization rate below the expectation at the initial investment.

Details of principal associates at December 31, 2025 and 2024 were as follows:

Name of entities	Date of establishment	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
Hebei Jinniu Risun Chemicals Limited ("Jinniu Risun Chemicals") (河北金牛旭陽化工有限公司) (<i>Note a</i>)	March 28, 2008	The PRC	50%	50%	50%	50%	Production of refined chemicals
Cabot Risun Chemicals (Xingtai) Co.Ltd. ("Cabot Risun Chemicals") (卡博特旭陽化工(邢台)有限公司) (<i>Note a</i>)	June 23, 2011	The PRC	40%	40%	40%	40%	Production of carbon black
Jingfu Coal (陽煤集團壽陽福煤業有限公司) (<i>Note a</i>)	June 27, 1992	The PRC	30%	30%	30%	30%	Mining of coal
PT KinXiang New Energy Technologies Indonesia ("KinXiang New Energy")	August 27, 2021	Indonesia	20%	20%	20%	20%	Production of coke and coking chemical

Note:

- a. The English translation of the names of the above associates are for reference only. The official name of the entities are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

21. INTERESTS IN ASSOCIATES *(continued)*

In the opinion of the Directors, none of the individual associates materially affected the results or net assets of the Group. To give further details of the associates of the Group would, in the opinion of the Directors, results in particulars of excessive length.

Aggregate information of associates that are not individually material:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Loss)/profit and total comprehensive (expense)/income for the year	(58,793)	5,033
The Group's share of profit of associates for the year	13,580	30,899
Dividends declared by associates for the year	(132,624)	(9,346)

22. INTERESTS IN JOINT VENTURES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cost of investments	1,358,486	1,366,986
Share of post-acquisition profits and other comprehensive income, net of dividend received and receivable	1,590,501	1,622,671
	2,948,987	2,989,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

22. INTERESTS IN JOINT VENTURES (continued)

Details of the material joint ventures as at December 31, 2025 and 2024 were as follows:

Name of entities	Date of establishment	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
Hebei China Coal Risun Energy Limited ("CNC Risun Energy") (河北中煤旭陽能源有限公司) (Notes a and d)	November 21, 2003	The PRC	45%	45%	45%	45%	Production of coke and coking chemicals
PT. RISUN WEI SHAN INDONESIA ("Risun Wei Shan") (Note b)	November 9, 2021	Indonesia	51%	51%	51%	51%	Production of coke and coking chemicals
PT. DE TIAN COKING ("De Tian Coking") (Note c)	September 29, 2021	Indonesia	24%	24%	24%	24%	Production of coke and coking chemicals

Notes:

- The Group, China Coal and Coke Holding Limited ("CNC Coke"), an independent third party, and another independent third party, hold 45%, 45% and 10% equity interest in CNC Risun Energy, respectively. Pursuant to the agreement dated January 1, 2007, the Group has the right to appoint two out of five directors which is responsible for making decisions on the financing and operating activities of CNC Risun Energy, where these decisions require a minimum resolution of two-third of the voting right of the board of directors. Accordingly, the Group and CNC Coke who is also entitled to appoint two directors share joint control over CNC Risun Energy. In this regard, CNC Risun Energy is accounted for as a joint venture of the Group.
- According to investment agreement of Risun Wei Shan, the Group has the right to appoint three out of five directors which is responsible for making decisions on the financing and operating activities. Several reserved matters, including but not limited to purchase, sale and lease of land, appointment and removal of senior management, procurement of fixed assets or raw materials with transaction amount over US\$5 million and disposal of assets, require unanimous consent by the board of Risun Wei Shan. In this regard, Risun Wei Shan is accounted for as a joint venture of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

22. INTERESTS IN JOINT VENTURES *(continued)*

Notes: *(continued)*

- c. Pursuant to the investment agreement of De Tian Coking, several reserved matters, including but not limited to annual operating and financial budget, procurement of fixed assets with transaction amount over US\$5 million, procurement of raw materials with amount over US\$20 million and financing decision, require unanimous consent of all the shareholders. Therefore, De Tian Coking is accounted for as a joint venture of the Group.
- d. The English translation of the name of the above joint ventures are for reference only. The official name of the entities are in Chinese.

Summarized financial information of CNC Risun Energy

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current assets	2,968,828	2,546,861
Current assets	3,335,778	3,721,201
Current liabilities	2,615,929	2,621,963
Non-current liabilities	248,000	254,110
Net assets	3,440,677	3,391,989

The above amounts of assets and liabilities include the following:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	431,995	448,686
Current financial liabilities (excluding trade and other payables and provisions)	386,600	537,350
Non-current financial liabilities (excluding trade and other payables and provisions)	248,000	247,800

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue	4,348,436	5,600,347
Profit and total comprehensive income for the year	76,830	44,086
Dividends received from the joint venture	—	—

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For the year ended December 31, 2025

22. INTERESTS IN JOINT VENTURES *(continued)*

Summarized financial information of CNC Risun Energy *(continued)*

The above profit for the year includes the following:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Depreciation and amortization	227,042	258,373
Interest income	(19,849)	(27,282)
Interest expense	35,497	57,222
Income tax expense/(credit)	6,193	(16,017)

Reconciliation of the above summarized financial information to the carrying amount of the interest in CNC Risun Energy recognized in the consolidated financial statements:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Net assets of CNC Risun Energy	3,440,677	3,391,989
Proportion of the Group's ownership interest in CNC Risun Energy	45%	45%
Carrying amount of the Group's interest in CNC Risun Energy	1,548,305	1,526,395

Aggregate information of joint ventures that are not individually material:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit and total comprehensive income for the year	13,762	340,301
The Group's share of profit of joint ventures for the year	3,083	55,117
Dividends declared by joint ventures for the year	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

23. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Prepayments for property, plant and equipment	70,275	61,474
Loan receivables (<i>Note a</i>)	–	400,000
Prepayments for leasehold land	27,671	27,671
Deposits for other loans	304,914	334,382
Government grants (<i>Note b</i>)	76,387	–
Others	99,690	109,661
Less: Allowance for credit losses	(1,773)	(23,095)
	577,164	910,093

Notes:

- a. Loan receivables were 3 year entrusted loans to third parties through a licensed financial institution with total contractual amount of RMB600 million, which is repayable by instalments from June 2024 to December 2026. The loan receivables carry interest at 5.75% and 5.20% per annum respectively which are payable semi-annually. During the current year, loan receivables amounting to RMB200 million were repaid, and the remaining balances amounting to RMB400 million will be repayable in 2026 and therefore are presented as current assets.
- b. During the current year, the Group was granted a government subsidy amounting to RMB119 million after fulfillment of eligible conditions of investment in certain companies for 3 years, of which RMB31 million was received during the current year. The remaining RMB88 million recognized based on discounted amount is payable in instalment over period of 1 to 5 years, of which RMB15 million is payable within 1 year and presented as current assets, and the remaining balance was represented as non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

24. FINANCIAL ASSETS/LIABILITIES AT FVTPL

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current assets		
Listed equity securities	23,344	89,714
Unlisted equity investment	76,048	88,060
Private equity investment funds	115,135	92,618
Wealth management product	119,225	122,237
	333,752	392,629
Current assets		
Futures contracts	37	2,059
Held-for-trading non-derivative financial assets	–	23,147
	37	25,206
Current liability		
Futures contracts	(2,397)	(95)
	331,392	417,740

25. DEFERRED TAX

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Deferred tax assets	155,398	187,050
Deferred tax liabilities	(420,863)	(464,522)
	(265,465)	(277,472)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

25. DEFERRED TAX (continued)

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements thereon during the current and prior years are as follows:

	Impairment losses on receivables	Temporary differences on property, plant and equipment, intangible assets and investment properties	Impairment loss on interest in an associate	Right-of-use assets	Lease liabilities	Fair value adjustment on acquisition of subsidiaries (Note)	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	31,274	(26,422)	55,227	(150,946)	149,983	(370,364)	35,705	(275,543)
(Charged)/credited to profit or loss	(14,247)	20,945	-	150,946	(149,983)	35,701	43,242	86,604
Acquisition of a subsidiary (note 37)	-	(74,827)	-	-	-	-	-	(74,827)
Charged to other comprehensive income	-	(13,706)	-	-	-	-	-	(13,706)
At December 31, 2024	17,027	(94,010)	55,227	-	-	(334,663)	78,947	(277,472)
(Charged)/credited to profit or loss	(5,392)	40,528	-	-	-	35,679	(58,808)	12,007
At December 31, 2025	11,635	(53,482)	55,227	-	-	(298,984)	20,139	(265,465)

Note: Deferred tax liabilities of fair value adjustment recognized by the Group represented the fair value adjustment on property, plant and equipment, right-of-use assets and intangible assets arising from the business acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

25. DEFERRED TAX (continued)

The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the PRC. The unrecognized tax losses will expire in five years after they are incurred. No deferred tax assets has been recognized due to the unpredictability of future tax profit streams. The unrecognized tax losses declared will expire in the following years:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
2025	–	382,920
2026	714,111	720,435
2027	503,920	519,496
2028	298,964	554,068
2029	313,500	372,556
2030	556,097	–
	2,386,592	2,549,475

As at December 31, 2025, the Group has other deductible temporary differences of approximately RMB455.0 million (2024: RMB321.6 million), which are mainly arising from unrealized profits and impairment of trade and other receivables of certain subsidiaries. No deferred tax asset has been recognized in relation to such other deductible temporary differences as it is not probable that taxable profit will be available for offset against which the deductible temporary differences can be utilized.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB11,079,648,000 as at December 31, 2025 (2024: RMB11,192,429,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

26. INVENTORIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Raw materials	1,840,692	1,735,476
Finished goods	393,421	622,370
Trading stocks	75,530	345,354
Properties under development	541,035	374,943
	2,850,678	3,078,143

Details of the pledged inventories are set out in note 45.

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade receivables measured at FVTOCI	799,243	982,432
Bills receivables measured at FVTOCI	555,913	527,618
Trade and bills receivables measured at FVTOCI	1,355,156	1,510,050
Prepayments for raw materials	6,398,126	5,447,122
Other deposits, prepayments and other receivables	1,115,496	735,944
Loan receivables (<i>note 23</i>)	400,000	450,000
Receivables for relocation compensation	—	109,091
Prepayments on behalf of third parties as a trading agency	2,261,914	2,206,630
Deductible input VAT and prepaid other taxes and charges	369,705	394,188
Less: impairment	(44,756)	(51,572)
Other receivables	10,500,485	9,291,403

As at January 1, 2024, trade and bill receivables from contracts with customers amounted to RMB976,187,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

(continued)

The customers usually settle the sales by cash or bills. The credit period granted to the customers who settle in cash is usually no more than 30 days, interest free with no collateral. Aging of trade receivables based on invoice dates, which approximated the respective revenue recognition dates, net of allowance for credit losses, are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within one month	681,245	794,258
1 to 3 months	95,879	167,484
3 to 6 months	7,737	6,447
7 to 12 months	14,382	14,243
	799,243	982,432

No credit period is offered for sales to be settled by bills, carrying interest at market rates. Bills receivable are bank acceptance notes and the average aging based on the maturity date is from 90 days to 360 days.

Details of impairment assessment of trade and bills receivables are set out in note 42.

The following bills receivable as at December 31, 2025 and 2024 were transferred to banks or suppliers by discounting, pledging to banks or endorsing those receivables on a full recourse basis. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognize the full carrying amounts of the receivables and the corresponding liabilities are included in secured borrowings or trade payables, whichever is appropriate. These financial assets are carried at FVTOCI.

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Carrying amount of transferred assets	310,168	135,471
Carrying amount of associated payables to suppliers (note 30)	(142,638)	(87,846)
Carrying amount of associated loans	(167,530)	(47,625)
	—	—

At December 31, 2025, bills receivable issued among subsidiaries of the Group for intra-group transactions have been discounted with full recourse to secure bank loans amounting to RMB6,281,909,000 (2024: RMB4,654,497,000) (note 32), and these bills receivable have been eliminated in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

27. OTHER RECEIVABLES/TRADE AND BILLS RECEIVABLES MEASURED AT FVTOCI

(continued)

During the reporting period, the Group has transferred substantially all the risks and rewards relating to certain bills receivable discounted to banks or endorsed to suppliers even if the banks and suppliers have the right of recourse. The Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivable is remote because all endorsed and discounted bills receivable are issued and guaranteed by reputable banks in the PRC. As a result, the relevant assets and liabilities were derecognized and no longer included in the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable at the end of each reporting period are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Discounted bills for raising cash	2,976,687	2,893,075
Endorsed bills for settlement of payables to suppliers	1,231,200	2,526,565
Outstanding endorsed and discounted bills receivable with recourse	4,207,887	5,419,640

The outstanding endorsed and discounted bills receivable will be matured within 12 months from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

28. RESTRICTED BANK BALANCES

The carrying amounts of the Group's restricted bank balances placed to secure various liabilities of the Group are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Restricted bank balances to secure:		
Bills payable and letters of credit (<i>Note</i>)	2,550,023	2,013,174
Bank loans	415,604	303,436
Futures contracts	150,395	135,061
	3,116,022	2,451,671
Analyzed for reporting purpose as:		
Non-current assets	–	238,000
Current assets	3,116,022	2,213,671

Note: Certain restricted bank balances were placed to secure bills issued among subsidiaries of the Group for intra-group transactions which have been discounted with full recourse to secure bank loans of RMB6,281,909,000 as at December 31, 2025 (2024: RMB4,654,497,000). Further details of which are set out in notes 27 and 32 respectively.

Restricted bank balances are bank deposits mainly in the PRC and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. These bank deposits carry interest at market rates ranging from 0.85% to 2.30% per annum as at December 31, 2025 (2024: 0.01% to 2.30% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

29. BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Bank balances, included bank deposits that have an original maturity of longer than three months, carried interest at market interest rate ranging from 0.0001% to 3.66% (2024: 0.001% to 2.3%) per annum as at December 31, 2025. Bank balances and cash as at December 31, 2025 and 2024 were mainly denominated in RMB which is not a freely convertible currency in the international market and the remittance of these funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Denominated in currencies other than the functional currency of relevant group entities:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
USD	140,126	114,905
Hong Kong Dollars ("HKD")	39,044	52,197
Others (Note)	10,434	5,500
	189,604	172,602

Note: Others mainly contain Japanese Yen ("JPY") and Mongolian Tugrik.

30. TRADE AND OTHER PAYABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade payables	2,692,331	3,126,633
Payables to be settled by the endorsed bills receivable (note 27)	142,638	87,846
Bills payable	2,756,086	2,400,392
Payables for construction in progress	1,501,255	2,075,882
Payables on behalf of third parties as a trading agency	118,627	380,293
Advances from customers on behalf of third parties as a trading agency	354,684	357,233
Other tax payables	77,569	75,514
Payroll payables	88,804	143,673
Other payables and accruals	647,197	606,654
	8,379,191	9,254,120
Analyzed for reporting purposes as:		
Current liabilities	8,276,346	9,204,744
Non-current liabilities (Note a)	102,845	49,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

30. TRADE AND OTHER PAYABLES (continued)

Note:

- a. Included in other payables and accruals were payables amounting to RMB103 million in relation to modification of payables to third parties as detailed in note 8. Pursuant to the supplementary agreements, the balance will be settled after 1 year but within 2 years upon signing of the agreements and therefore presented as long-term payables.

All trade and other payables are due within one year. The average credit period on purchases of goods is 30 to 90 days.

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

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 3 months	2,435,213	2,750,565
3 to 6 months	28,562	133,224
6 to 12 months	155,552	149,369
1 to 2 years	33,392	60,089
2 to 3 years	13,327	13,141
More than 3 years	26,285	20,245
	2,692,331	3,126,633

31. CONTRACT LIABILITIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Sales of products	1,789,144	1,939,707
Sales of properties	42,108	153,718
	1,831,252	2,093,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

31. CONTRACT LIABILITIES *(continued)*

Contract liabilities primarily represent advance from customers and are expected to be settled within one year. For the contract liabilities from sales of products as at January 1, 2025, the entire balances were recognized as revenue to profit or loss in the current year. While for the contract liabilities from sales of properties as at January 1, 2025, revenue recognized in the current year amounted to RMB129,572,000.

All contract liabilities are expected to be settled within the Group's normal operating cycle and are classified as current.

As at January 1, 2024, contract liabilities amounted to RMB2,401,064,000.

32. BANK AND OTHER LOANS

The analysis of the carrying amount of bank and other loans is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Bank loans		
Secured	8,464,583	10,290,136
Unsecured	13,487,167	9,846,666
Other loans		
Secured	5,513,530	4,828,736
Unsecured	511,689	704,250
Discounted bills financing <i>(note 27)</i>		
Discounted bills receivable from:		
– subsidiaries of the Company	6,281,909	4,654,497
– third parties	167,530	47,625
	34,426,408	30,371,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

32. BANK AND OTHER LOANS (continued)

At the end of each reporting period, the bank and other loans were repayable as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 1 year	25,536,007	20,883,819
After 1 year but within 2 years	4,306,708	6,250,439
After 2 years but within 5 years	2,906,911	2,408,138
After 5 years	1,676,782	829,514
	34,426,408	30,371,910

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Analyzed for reporting purpose as:		
Current liabilities	25,536,007	20,883,819
Non-current liabilities	8,890,401	9,488,091
	34,426,408	30,371,910

Bank and other loans denominated in currencies other than the functional currencies of respective entities are set out below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
USD	622,788	620,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

32. BANK AND OTHER LOANS *(continued)*

The carrying amount of the bank and other loans and the range of interest rates are as below:

	As at December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
Fixed rate bank and other loans	24,436,992	1.70~ 8.50	18,681,567	1.70~ 8.50
Floating rate bank and other loans <i>(Note)</i>	9,989,416	2.65 ~ 8.50	11,690,343	2.66~8.50
	34,426,408		30,371,910	

Note: included in floating rate bank and other loans was USD dominated bank borrowings of RMBNil (2024: RMB113,360,000) carried at secured overnight financing rate (SOFR). The remaining floating rate bank and other loans are carried at loan prime rate (LPR) issued by the People's Bank of China.

The secured other loans represent loans from the licensed finance companies secured by property, plant and equipment and leasehold lands, as well as loans from licensed financial institutions secured by the Group's bank deposits.

Details of the assets pledged for securing the banking facilities of the Group are set out in note 45.

As at December 31, 2025, bank loan of RMB1,082,000,000 (2024: RMB1,132,000,000) was guaranteed by related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

33. LEASE LIABILITIES

Lease liabilities payables:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 1 year	1,495	1,440
After 1 year but within 2 years	639	1,495
After 2 years but within 5 years	–	639
	2,134	3,574
Less: Amount due for settlement within 1 year shown under current liabilities	(1,495)	(1,440)
Amount due for settlement after 1 year shown under non-current liabilities	639	2,134

The weighted average incremental borrowing rates applied to lease liabilities was 3.70% (2024: 3.70%).

34. DEFERRED INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Government grant related to assets at the beginning of the year	169,902	138,823
Additions	27,982	46,914
Released to profit or loss	(16,345)	(15,835)
At the end of the year	181,539	169,902
Analyzed for reporting purposes as:		
Current liabilities (included in other payables)	17,005	16,766
Non-current liabilities	164,534	153,136
	181,539	169,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

34. DEFERRED INCOME (continued)

Deferred income arising from government grants relating to assets represents the government subsidies obtained in relation to the purchase of the land use rights and the infrastructure construction, which was included in the consolidated statement of financial position as deferred income and credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected useful life of the relevant depreciable assets.

35. SHARE CAPITAL

	As at December 31,		As at December 31,	
	2025 Number of shares	2024 Number of shares	2025 HKD'000	2024 HKD'000
Authorized				
Shares of HKD0.10 each				
Authorized ordinary shares:				
At beginning and end of the year	10,000,000,000	10,000,000,000	1,000,000	1,000,000
Issued and fully paid of ordinary shares:				
At the beginning of the year	4,454,186,000	4,424,126,000	445,419	442,413
Share repurchased and cancelled	–	(21,940,000)	–	(2,194)
Issue of shares	–	52,000,000	–	5,200
At the end of the year	4,454,186,000	4,454,186,000	445,419	445,419

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Presented in the consolidated statement of financial position as:		
At the beginning of the year	385,172	382,246
Share repurchased and cancelled (Note a)	–	(1,876)
Issue of shares (Note b)	–	4,802
At the end of the year	385,172	385,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

35. SHARE CAPITAL (continued)

Notes:

- a. During the year ended December 31, 2025, the Company repurchased its ordinary shares as treasury stocks as follows:

Month of repurchase	Number of ordinary shares '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
April	8,417	2.58	2.47	21,277
May	13,717	2.56	2.37	34,246
June	28,794	2.56	2.47	72,070
July	13,170	2.59	2.49	33,422
November	8,375	2.23	2.15	18,413
December	7,780	2.28	2.16	17,394
	80,253			196,822

During the year ended 31 December 2025, the Company repurchased 80,253,000 (2024: 119,085,000) ordinary shares as treasury shares with an aggregate consideration of HK\$196,822,000 (2024: HK\$355,234,000), equivalent to RMB179,960,000 (2024: RMB323,045,000).

During the year ended December 31, 2025, the Company cancelled nil ordinary shares (2024: 21,940,000 ordinary shares, of which 12,591,000 ordinary shares were repurchased in 2023 and 9,349,000 were repurchased in 2024).

- b. On December 18, 2024, the Company placed new shares of 52,000,000 at the placing price of HK\$3.00 per share (the "Placing"). The gross proceeds received by the Company from the Placing was approximately HK\$156 million (equivalent to RMB144 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

36. RESERVES

Share premium

Under the Companies Law (Revised) of the Cayman Islands, amount included in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Merger reserve

The merger reserve represents the difference between the nominal value of the share capital issued/consideration paid by the Company and the aggregate capital of the subsidiaries acquired pursuant to the group reorganization, accounted for as capital contribution from/distribution to ultimate holding company under merger basis of accounting.

Reserve fund

The Articles of Association of certain PRC subsidiaries require the appropriation of 10% of their profit after tax each year, based on their statutory audited financial statements, to the reserve fund until the balance reaches 50% of the registered capital of the respective PRC subsidiaries. The reserve fund may be capitalized as the paid-in capital of these subsidiaries.

Safety fund

Pursuant to relevant PRC regulation, the Group is required to transfer 1.5% on revenue generated from the core business into a designated fund. The fund will be used for installation and repair and maintenance of safety facilities. The movements in the reporting periods represent the difference between the amounts provided based on the relevant PRC regulation and the amount utilized during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

36. RESERVES (continued)

Foreign Currency Transaction Reserve

The foreign currency transaction reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB.

Revaluation Reserve

Revaluation reserve represents the difference between the carrying amount of the investment property and its fair value at the date of transfer from property, plant and equipment.

Other reserve

Other reserve represents the difference amounting to RMB243 million between consideration and change of ownership interests in subsidiaries in equity transactions with non-controlling shareholders and share-based expenses amounting to RMB1,284,000 recognized arising from share awards granted by the Company.

During the year ended December 31, 2024, the Group entered into an agreement with another third party, pursuant to which the third party injected RMB450 million by cash to Dingzhou Tianlu. Upon the completion of the capital injection, the proportion of ownership interests and voting rights held by non-controlling shareholders in Dingzhou Tianlu was increased to 49.9998%.

During the year ended December 31, 2024, the Group entered into agreements with two third parties, pursuant to which the third parties agreed to inject RMB1,100 million in total by cash to the Group's subsidiary, Cangzhou Risun. Upon the completion of the capital injection, the proportion of ownership interests and voting rights held by non-controlling shareholders in Cangzhou Risun was 19.52%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

37. ACQUISITION OF A SUBSIDIARY

On December 6, 2024, the Group entered into an equity transfer agreement with a related party under common control of the Group, Xuyang Holding Limited (“Xuyang Holding”), pursuant to which the Group acquired 100% equity interest in Risun Research from Xuyang Holding for a consideration of RMB181 million (the “Acquisition”). The Acquisition was completed on December 31, 2024, upon which Risun Research became an indirect wholly-owned subsidiary of the Company. Risun Research holds Risun Plaza located in Fengtai District, Beijing. The acquisition was accounted for as acquisition of assets as the acquired set of activities and assets do not constitute a business.

Assets and liabilities recognized at the date of acquisition

	RMB'000
Non-current assets	
Property, plant and equipment	834,979
Investment properties	1,680,271
Current assets	
Other receivables	11,900
Amounts due from related parties	14,177
Cash and cash equivalents	20,635
Current liabilities	
Trade and other payables	(40,442)
Amounts due to related parties	(1,145,330)
Non-current liabilities	
Bank and other loans	(1,132,000)
Deferred tax liabilities	(74,827)
	169,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

37. ACQUISITION OF A SUBSIDIARY (continued)

Net consideration for the Acquisition

	RMB'000
Consideration paid in cash	181,000
Less: Net liability eliminated upon acquisition	
– Right-of-use assets (note 17)	34,198
– Lease liabilities	(45,835)
	169,363

Net cash outflows arising on Acquisition

	RMB'000
Consideration paid in cash	181,000
Less: Cash and cash equivalents acquired	20,635
	160,365

38. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share award scheme of the Company

The Company's share award plan (the "Share Award Plan") was adopted pursuant to a resolution passed on May 30, 2025 for the primary purpose of providing incentives to directors and eligible employees. Under the Share Award Plan, the Directors of the Company may grant shares of the Company to eligible employees, including directors and employees of the Company and its subsidiaries.

At December 31, 2025, the number of shares granted under the Share Award Plan was 9,915,000 (2024: nil), representing 0.2% (2024: nil) of the shares of the Company in issue at that date. The total number of shares granted under the Share Award Plan is not permitted to exceed 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing the resolution.

During the year ended December 31, 2025, 9,915,000 shares were granted on September 1, 2025 with a vesting period of 60 months from the date of grant (i.e. August 31, 2030). The estimated fair values of the shares granted was HK\$23,895,000 (equivalent to RMB21,786,000) at the grant date based on the market value of the Company's shares at that date.

The Group recognized the total expense of RMB1,284,000 for the year ended December 31, 2025 (2024: nil) in relation to shares granted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

39. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labor rules and regulations in the PRC, the PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the “Schemes”) organized by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes based on applicable rates. The municipal government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HKD1,500. Contributions to the plan vest immediately.

During the years ended December 31, 2025 and 2024, the Group had no forfeited contributions under those schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at December 31, 2025 and 2024 under the schemes which may be used by the Group to reduce the contribution payable in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended December 31, 2025 and 2024, transactions with the following parties are considered to be related party transactions:

Name of related parties	Relationship with the Group
Mr. Yang Xuegang	Director and the Ultimate Controlling Shareholder
Beijing Risun Science and Technology Limited (<i>Note a</i>) (北京旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Beijing Xuyang Digital Technology Co., Ltd. (<i>Note a</i>) (北京旭陽數字科技有限公司)	Controlled by Mr. Yang Xuegang
Beijing Automic Technology Co., Ltd (<i>Note a</i>) (北京奧特美克科技股份有限公司)	Controlled by Mr. Yang Xuegang
Cangzhou Xuyang Smart Property Management Co., Ltd. (<i>Note a</i>) (滄州旭陽智慧物業管理有限公司)	Controlled by Mr. Yang Xuegang
Datong Jingtong Zhijian Xingwang Coal Washing Co., Ltd (<i>Note a</i>) (大同市精通志堅興旺洗煤有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Risun Technology Co, Ltd (<i>Note a</i>) (定州旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xubang New Material Technology Co., Ltd (<i>Note a</i>) (定州旭邦新材料科技有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xuyang Business Hotel Co., Ltd (<i>Note a</i>) (定州市旭陽商務酒店有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xucheng Property Management Co., Ltd. (<i>Note a</i>) (定州旭誠物業管理有限公司)	Controlled by Mr. Yang Xuegang
Dingzhou Xuyang Property Service Co., Ltd (<i>Note a</i>) (定州旭陽物業服務有限公司)	Controlled by Mr. Yang Xuegang
Datong Xinghua United Coal Preparation Co., Ltd (<i>Note a</i>) (大同興華聯合選煤有限公司)	Controlled by Mr. Yang Xuegang
Hebei Otemeke Technology Co., Ltd (<i>Note a</i>) (河北奧特美克科技有限公司)	Controlled by Mr. Yang Xuegang

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Name of related parties	Relationship with the Group
Hebei Shanghe Construction Engineering Co., Ltd <i>(Note a)</i> (河北上和建築工程有限公司)	Controlled by Mr. Yang Xuegang
Hebei Xuyang Architectural Design Co., Ltd <i>(Note a)</i> (河北旭陽建築設計有限公司)	Controlled by Mr. Yang Xuegang
Leting Huayang Thermal Power Co., Ltd <i>(Note a)</i> (樂亭華陽熱電有限公司)	Controlled by Mr. Yang Xuegang
Risun Supply Chain Management Limited <i>(Note a)</i> (旭陽供應鏈管理有限公司)	Controlled by Mr. Yang Xuegang
Xuyang Engineering Co., Ltd. <i>(Note a)</i> (旭陽工程有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Technology Co, Ltd. <i>(Note a)</i> (邢台旭陽科技有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Property Co., Ltd. <i>(Note a)</i> (邢台旭陽物業有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Tengxu Property Service Co., Ltd. <i>(Note a)</i> (邢台騰旭物業服務有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Tianlu Real Estate Development Co., Ltd. <i>(Note a)</i> (邢台天鷲房地產開發有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuren Hotel Service Co., Ltd <i>(Note a)</i> (邢台旭人酒店服務有限公司)	Controlled by Mr. Yang Xuegang
Xingtai Xuyang Intelligent Property Management Co., Ltd <i>(Note a)</i> (邢台旭陽智慧物業管理有限公司)	Controlled by Mr. Yang Xuegang
Yuncheng Xuyang Smart Property Co., Ltd <i>(Note a)</i> (鄆城旭陽智慧物業有限公司)	Controlled by Mr. Yang Xuegang
Cabot Risun Chemicals <i>(Note a)</i> (卡博特旭陽化工(邢台)有限公司)	Associate of the Group
Jinniu Risun Chemicals <i>(Note a)</i> (河北金牛旭陽化工有限公司)	Associate of the Group
KinXiang New Energy (印尼金祥新能源科技有限責任公司) <i>(Note b)</i>	Associate of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	Relationship with the Group
Pingxiang Xuyang Energy Co., Ltd (Note a) (萍鄉旭陽能源有限公司)	Associate of the Group
CNC Risun Energy (Note a) (河北中煤旭陽能源有限公司)	Joint venture of the Group
Risun Wei Shan (旭陽偉山新能源(印尼)有限公司) (Note b)	Joint venture of the Group
De Tian Coking (德天焦化(印尼)股份公司) (Note b)	Joint venture of the Group
Xuyang Weishan Engineering (Hainan) Co., Ltd (Note a) (旭陽偉山工程(海南)有限公司)	Joint venture of the Group
China Gas (Note a) (呼和浩特中燃城市燃氣發展有限公司)	Non-controlling shareholder

Notes:

- a. The English translation of the names is for reference only. The official names of these entities are in Chinese.
- b. The Chinese translation of the names is for reference only. The official names of these entities are in English.

The Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and the other highest paid employee as disclosed in note 12, is as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	14,596	15,789
Retirement benefit scheme contribution	221	264
Equity-settled share-based payment	131	–
	14,948	16,053

Key management represents the Directors and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Purchases of goods from		
– related parties controlled by Mr. Yang Xuegang	86,825	814,318
– CNC Risun Energy	1,387,546	1,896,171
– Jinniu Risun Chemicals	4,204	7,041
– Xiamen Risun International Trade Supply Chain CO., Ltd.	8,086	–
– Risun Wei Shan	298,294	311,475
– De Tian Coking	65,950	79,093
Sales of goods to		
– related parties controlled by Mr. Yang Xuegang	–	16,401
– CNC Risun Energy	173,132	58,075
– Jinniu Risun Chemicals	5,939	212
– Pingxiang Xuyang Energy	27,996	–
– Xiamen Risun International Trade Supply Chain Co., Ltd.	99,887	–
– Heze Funeng Gas Co., Ltd.	20,675	–
– Yuncheng Yunzhou Risun Gas Co., Ltd.	87	–
– Tangshan Risun Shuang'an Technology Co., Ltd.	1,380	212
– Cabot Risun Chemicals	680,583	750,766
– Risun Wei Shan	870,884	297,891
– KinXiang New Energy	–	2,256
Construction service and other service from		
– related parties controlled by Mr. Yang Xuegang	534,432	686,268
Provision of service to		
– Cabot Risun Chemicals	7,205	839
– De Tian Coking	–	9,122
Rental income from		
– related parties controlled by Mr. Yang Xuegang	9,355	4,068
– CNC Risun Energy	1,924	171
– Cabot Risun Chemicals	–	1,761
Interest income from		
– Risun Wei Shan	52,198	70,962
– KinXiang New Energy	4,875	4,841
– De Tian Coking	–	25,481
Interest expenses on lease liabilities		
– related parties controlled by Mr. Yang Xuegang	127	3,021
Expenses relating to leases		
– related parties controlled by Mr. Yang Xuegang	2,631	47,054

The above related party transactions were conducted in accordance with terms of the relevant agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Balances with related parties

At the end of each reporting period, the Group had the following balances with related parties:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due from related parties		
Dividend receivable		
– CNC Risun Energy	37,640	24,976
Non-Trade nature		
– related parties controlled by Mr. Yang Xuegang	114,515	7,615
– Risun Wei Shan	1,540,854	1,194,201
– De Tian Coking	258,940	258,940
– KinXiang New Energy	89,627	87,181
– Pingxiang Risun Energy Co., Ltd.	1,593	–
– Yuncheng Yunzhou Risun Gas Co., Ltd.	22,481	–
– Tangshan Risun Shuang'an Technology Co., Ltd.	72	–
	2,028,082	1,547,937
Impairment under ECL model	(38,080)	(29,442)
	1,990,002	1,518,495
Trade nature		
Trade receivables		
– related parties controlled by Mr. Yang Xuegang	24,436	23,876
– CNC Risun Energy	62,080	13,341
– Cabot Risun Chemicals	9,289	15,825
– Risun Wei Shan	1,356,426	1,136,467
– KinXiang New Energy	6,506	6,506
– Yuncheng Yunzhou Risun Gas Co., Ltd.	65	–
	1,458,802	1,196,015
Impairment under ECL model	(30,572)	(21,354)
	1,428,230	1,174,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Prepayments		
– related parties controlled by Mr. Yang Xuegang	569,866	320,001
– De Tian Coking	189	784
– Jinniu Risun Chemicals	14	–
– Risun Wei Shan	71,852	–
– Pingxiang Risun Energy Co., Ltd.	14,636	–
– CNC Risun Energy	281	–
	656,838	320,785

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Analyzed for reporting purposes as:		
Non-current assets	943,216	316,373
Current assets	3,169,494	2,722,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Aging of amounts due from related parties-trade nature net of allowance for credit losses are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within one month	455,870	475,169
1 to 3 months	106,768	14,466
4 to 6 months	634,938	311,607
7 to 12 months	222,831	373,419
1 to 2 years	7,823	–
	1,428,230	1,174,661

As at December 31, 2025, except for amount due from KinXiang New Energy amounting to RMB75 million and Risun Wei Shan of RMB857 million (2024: amount due from De Tian Coking amounting to RMB256 million and Risun Wei Shan of RMB961 million) which is bearing interest, the remaining amounts due from related parties is unsecured, interest-free and repayable on demand.

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due to related parties		
Non-Trade nature		
– China Gas	102,781	102,781
– Risun Wei Shan	48,000	–
	150,781	102,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade nature		
Trade payable and advance from		
– related parties controlled by		
Mr. Yang Xuegang	28,756	45,139
– CNC Risun Energy	590,805	698,346
– Risun Wei Shan	72,169	124,329
– Xiamen Risun International Trade Supply Chain Co., Ltd.	35,041	–
– Pingxiang Risun Energy Co., Ltd.	7,470	–
	734,241	867,814
Payable to construction in progress		
– related parties controlled by Mr. Yang Xuegang	313,087	302,549
Analyzed for reporting purposes as:		
Current liabilities	1,198,109	1,262,161
Non-current liabilities	–	10,983

Aging of amounts due to related parties-trade nature are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within one month	671,031	1,018,302
1 to 3 months	148,615	48,635
3 to 6 months	141,494	89,265
6 to 12 months	32,680	4,522
1-2 years	48,971	3,692
2-3 years	4,537	5,947
	1,047,328	1,170,363

As at December 31, 2025 and 2024, included in amount due to China Gas was a shareholder's loan amounted to RMB47 million which was interest-free and repayable in instalments. Except for this, the remaining is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (d) At the end of each reporting period, the maximum liabilities of the Group under guarantees issued to banks in respect of banking facilities granted to related parties were as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Financial guarantees issued to joint ventures	5,163,818	4,250,600
Financial guarantees issued to an associate	1,476,976	1,476,976

As at December 31, 2025, the amount of guaranteed facilities utilized by joint ventures was RMB3,295,690,000 (December 31, 2024: RMB3,174,159,000).

As at December 31, 2025, bank loan of RMB1,082,000,000 (December 31, 2024: RMB1,132,000,000) is guaranteed by related parties controlled by Mr. Yang Xuegang, which was fully utilized by the Group as set out in note 32.

As at December 31, 2025 and 2024, the Group has provided financial guarantees to associates and joint ventures. These guarantees were extended to facilitate the financing of their coking projects construction based on investment agreements pursuant to which all shareholders agreed to provide financial guarantees in proportion to their shareholding. In the opinion of the Directors, the fair values of the financial guarantee contracts were insignificant at the date of issue of the financial guarantee and no provision is necessary at the end of each reporting period after taking into account the value of assets held by the associate and the joint venture, as well as their future cashflows forecast.

41. CAPITAL MANAGEMENT

The Group's primary objectives of managing capital are to safeguard the Group's ability to continue as a going concern, and to provide returns for shareholders and benefits for other stakeholders, by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings, and makes adjustments to the capital structure in light of changes in economic conditions.

Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, issuing of new shares, raising new debt financing or selling assets to reduce debt. During the reporting period, there were no changes in the objectives, policies or processes.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each reporting period are set out as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVTPL	333,789	417,835
Trade and bills receivables measured at FVTOCI	1,355,156	1,510,050
Financial assets at amortized cost	10,382,843	9,363,704
Financial liabilities		
Financial liabilities at FVTPL	2,397	95
Financial liabilities at amortized cost	43,335,270	40,203,379

Financial risk management objectives and policies

The Group's major financial instruments include other long-term receivables, financial assets at FVTPL, restricted bank balances, bank deposits, amounts due from related parties, other receivables, trade and bills receivables measured at FVTOCI, cash and cash equivalents, financial liabilities at FVTPL, trade and other payables, bank and other loans 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 (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk

Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing financial instruments. These financial instruments issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not have any specific interest rate policy except that the Group would regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings. Accordingly, the Group will enter into interest rate swap arrangement to mitigate the interest rate risks if appropriate.

(i) Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank deposits (see note 29 for details), bank and other loans (see note 32 for details), loan receivables (see note 27 for details) and amounts due from related parties (see note 40 for details).

(ii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to bank deposits and bank and other loans at floating interest rates. To manage and mitigate the interest rate exposure, the Group regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings. The management will continue to consider hedging significant interest rate risk should the need arise.

The impact on the Group's profit after taxation (and retained profits) was based on the exposure to interest rate for the floating-rate bank deposits and bank and other loans, assuming that these financial assets and liabilities outstanding at the end of the reporting period was outstanding for the whole relevant period. If a 25 basis point increase or decrease in variable-rate bank deposits and a 100 basis point increase or decrease in variable-rate borrowing are used, and all other variables were held constant, the Group's profit after taxation would decrease/increase by approximately RMB71,042,000 for the year ended December 31, 2025 (2024: RMB78,712,000).

Currency risk

The Group is exposed to currency risk primarily through bank balances, bank and other loans, amounts due from related parties and amounts due to related parties that are denominated in foreign currency, i.e. currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily USD and HKD. To minimise this risk, the Group enters into various forward contracts with certain financial institutions to manage the Group's exposure in relation to the partial USD loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

The following table indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Year ended December 31,			
	2025		2024	
	Increase/ (decrease) in foreign exchange rates	(Decrease) /increase in profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	(Decrease) /increase in profit after tax and retained profits RMB'000
USD	5%	4,923	5%	3,693
Others	5%	5,052	5%	6,640

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis during the reporting period.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Directors do not implement specific measurements to mitigate the price risk. If the market price of the listed equity securities increased or decreased by 5%, the Group would recognize additional gains or losses of RMB1,167,000 for the year ended December 31, 2025 (2024: RMB4,486,000).

The Group's commodity price risk is mainly concentrated on fluctuations in the prevailing market price of coke, coal, and refined chemical products which are the major commodities purchased, produced and sold by the Group. To minimize this risk, the Group enters into future contracts to manage the Group's exposure in relation to forecasted sales of products, forecasted purchase of raw materials and inventories. The impact of price change of future contracts is insignificant as there have been no material outstanding future contracts at the end of each reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

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 other long-term receivables, other receivables, trade and bills receivables, amounts due from related parties, restricted bank balances, bank deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

At the end of each reporting period, other than financial assets whose carrying amounts best represent the maximum credit risk, the Group's maximum exposure to credit risk arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group to the related parties is disclosed in note 40(d).

The Group mainly conducted transactions with customers with good quality and long-term relationship, when accepting new customers, the Group requests advanced payment before the goods delivered. In order to minimize the credit risk, the Directors has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from bank balances and bills receivables, the Group mainly transacts with state-owned or reputable financial institutions in PRC and reputable international financial institutions outside of PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivable balances, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group does not have any significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group reassesses lifetime ECL for trade receivables and amounts due from related parties arising from contracts with customers without significant financing component to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

For trade receivables and amounts due from related parties of trade nature, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired or collectively using a provision matrix appropriate groupings. As part of the Group's credit risk management, the Group use debtors' aging to assess the impairment for its customers because its customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted using forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

For all other instruments including bills receivable, other receivables, other long-term receivables and amounts due from related parties of non-trade nature, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The Group has assessed and concluded that the risk of default rate for these instruments are steady based on the Group's assessment of the financial health of the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's trade and other receivables, other long-term receivables and amounts due from related parties, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	2025		2024	
				Gross carrying amount		Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost							
Other receivables	27	Note	12-month ECL Lifetime ECL (not credit-impaired) Credit-impaired (individually)	1,331,730 179,602 4,164	1,515,496	793,492 489,379 12,164	1,295,035
Amounts due from related parties – non-trade nature	40	Note	12-month ECL (individually)	2,065,722	2,065,722	1,572,913	1,572,913
Amounts due from related parties- – trade nature	40		Lifetime ECL (not credit-impaired, provision matrix) Lifetime ECL (not credit-impaired, individually)	96,516 1,362,286	1,458,802	59,548 1,136,467	1,196,015
Other long-term receivables	23	Note	12-month ECL Lifetime ECL (not credit-impaired)	381,301 –	381,301	734,382 –	734,382
Financial assets at FVTOCI							
Trade receivables	27		Lifetime ECL (not credit-impaired, provision matrix) Credit-impaired (individually)	811,057 27,958	839,015	987,410 28,545	1,015,955
Bills receivables	27	Note	12-month ECL	555,913	555,913	527,618	527,618

* The gross carrying amounts disclosed above include both trade nature receivables and non-trade nature receivables. All trade nature receivables are applying lifetime ECL.

Note: For the purposes of internal credit risk management, the Group uses past due information or other relevant information available without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

2025

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Bills receivables	–	555,913	555,913
Amounts due from related parties – non-trade nature	–	2,065,722	2,065,722
Other receivables	4,164	1,511,332	1,515,496
Other long-term receivables	–	381,301	381,301

2024

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Bills receivables	–	527,618	527,618
Amounts due from related parties – non-trade nature	–	1,572,913	1,572,913
Other receivables	12,164	1,282,871	1,295,035
Other long-term receivables	–	734,382	734,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and amounts due from related parties of trade nature under the simplified approach:

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at January 1, 2024	28,826	27,548	56,374
– Transfer to credit-impaired	(1,199)	1,199	–
– Impairment losses recognized	24,426	345	24,771
– Impairment losses reversed	(25,721)	(547)	(26,268)
As at December 31, 2024	26,332	28,545	54,877
– Transfer to credit-impaired	(573)	573	–
– Impairment losses recognized	18,644	–	18,644
– Impairment losses reversed	(2,017)	(1,160)	(3,177)
As at December 31, 2025	42,386	27,958	70,344

The following table details the risk profile of trade receivables and amounts due from related parties of trade nature based on the Group's provision matrix.

Gross carrying amount of trade receivables and amounts due from related parties of trade nature

	As at December 31, 2025		As at December 31, 2024	
	Average loss rate	Gross carrying amounts RMB'000	Average loss rate	Gross carrying amounts RMB'000
Within 1 month	0.05%	742,709	0.03%	826,351
1 to 3 months	1.04%	96,940	0.19%	182,303
4 to 6 months	6.97%	11,293	11.47%	13,195
7 to 12 months	20.11%	50,214	17.38%	16,477
1 to 2 years	77.54%	6,417	63.52%	8,632
		907,573		1,046,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

As at December 31, 2025, the Group provided RMB17,270,000 (2024: RMB10,436,000) impairment allowance for trade receivables and amounts due from related parties of trade nature based on the provision matrix and provided RMB25,116,000 (2024: RMB15,896,000) impairment allowance for amounts due from related parties of trade nature which were not credit – impaired and assessed individually. In addition, as at December 31, 2025, debtors with balances from trade receivables which was credit-impaired amounting to RMB27,958,000 (2024: RMB28,545,000) were assessed individually and impairment allowance of RMB27,958,000 (2024: RMB28,545,000) were made.

The following table shows reconciliation of loss allowances that have been recognized for bills receivables, other receivables, other long-term receivables and amounts due from related parties of non-trade nature:

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at January 1, 2024	89,576	27,724	26,555	143,855
– Impairment losses recognized	–	13,369	–	13,369
– Impairment losses reversed	(48,471)	(10,626)	(14,391)	(73,488)
As at December 31, 2024	41,105	30,467	12,164	83,736
– Impairment losses recognized	–	14,215	–	14,215
– Impairment losses reversed	(8,617)	(17,098)	(8,000)	(33,715)
As at December 31, 2025	32,488	27,584	4,164	64,236

As at December 31, 2025, dividend receivable from CNC Risun Energy of non-trade nature amounting to RMB37,640,000 (2024: RMB24,976,000) were assessed individually and no impairment allowance were made on these debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

The Directors are responsible for the Group's cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2025						
	Contractual undiscounted cash outflows						Carrying amount
	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables	N/A	7,738,284	102,845	-	-	7,841,129	7,841,129
Bank and other loans	4.24	26,286,228	4,554,037	3,165,372	2,241,564	36,247,201	34,426,408
Amounts due to related parties	N/A	1,067,733	-	-	-	1,067,733	1,067,733
Lease liabilities	3.70	1,548	645	-	-	2,193	2,134
Financial guarantee contracts	N/A	6,640,794	-	-	-	6,640,794	-
		41,734,587	4,657,527	3,165,372	2,241,564	51,799,050	43,337,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	As at December 31, 2024						
	Contractual undiscounted cash outflows						
	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables	N/A	8,671,558	56,081	-	-	8,727,639	8,660,934
Bank and other loans	4.58	21,415,105	6,417,050	2,509,533	920,857	31,262,545	30,371,910
Amounts due to related parties	N/A	1,160,429	11,868	-	-	1,172,297	1,170,535
Lease liabilities	3.70	1,548	1,548	645	-	3,741	3,574
Financial guarantee contracts	N/A	5,727,576	-	-	-	5,727,576	-
		36,976,216	6,486,547	2,510,178	920,857	46,893,798	40,206,953

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, these estimates are subject to change depending on the probability of the counterparties claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair values

(i) Financial instruments carried at fair value

The Group measures its following financial instruments at fair value at the end of each reporting period on a recurring basis:

	Fair value		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)
	As at December 31,				
	2025 RMB'000	2024 RMB'000			
Financial assets					
Listed equity securities	23,344	89,714	Level 1	Fair values are calculated based on the quoted prices in an active market	N/A
Unlisted equity investment	76,048	88,060	Level 3	Fair values are estimated based on the comparable listed company's P/B ratio and a liquidity discount	Liquidity discount rate
Private equity investment funds	115,135	92,618	Level 3	Fair values are estimated based on the net asset value of underlying investments or net asset value of unit share	Net assets value of underlying investments
Wealth management product	119,225	122,237	Level 2	Fair values are determined with reference to the quoted prices provided by financial institutions	N/A
Futures contracts	37	2,059	Level 1	Fair values are derived from quoted bid prices in an active market	N/A
Held-for-trading non-derivative financial assets	–	23,147	Level 1	Fair values are derived from quoted bid prices in an active market	N/A
Trade receivables	799,243	982,432	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk	N/A
Bills receivables	555,913	527,618	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk	N/A
Financial liability					
Futures contracts	2,397	95	Level 1	Fair values are derived from quoted bid prices in an active market	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair values (continued)

(i) Financial instruments carried at fair value (continued)

The Group's investments in unlisted equity investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB76,048,000 as at December 31, 2025 (2024: RMB88,060,000). The significant unobservable input is the liquidity discount rate. The higher liquidity discount rate, the lower fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the liquidity discount rate, holding all other variables constant, the carrying amounts of the investments would decrease/increase by RMB2,728,000 (2024: RMB4,340,000) as at December 31, 2025.

The Group's investments in private equity investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB115,135,000 (2024: RMB92,618,000) as at December 31, 2025. The significant unobservable input is the net assets value of underlying investments. The higher net assets value of underlying investments, the higher fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of underlying investments, holding all other variables constant, the carrying amounts of the investments would increase/decrease by RMB5,757,000 (2024: RMB4,631,000) as at December 31, 2025.

There were no transfers between level 1 and level 2 during the reporting period.

(ii) Reconciliation of level 3 measurements

The following table represents the reconciliation of level 3 measurements throughout the reporting period.

	Private equity fund	Unlisted equity securities	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2024	224,457	111,670	336,127
Purchase	36,935	–	36,935
Redemption	(101,716)	(54,500)	(156,216)
Fair value change in current year	(67,058)	30,890	(36,168)
As at December 31, 2024	92,618	88,060	180,678
Purchase	25,000	–	25,000
Redemption	(17,943)	(1,000)	(18,943)
Fair value change in current year	15,460	(11,012)	4,448
As at December 31, 2025	115,135	76,048	191,183

(iii) Fair values of financial instruments carried at other than fair value

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

43. 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.

	Interest-bearing bank and other loans	Amounts due to related parties non-trade	Lease liabilities	Dividend payable (Note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	25,705,643	126,311	599,895	33,103	26,464,952
Net financing cash flows	1,919,263	(23,530)	(37,870)	(164,789)	1,693,074
Bill receivables discounted (Note a)	293,615	-	-	-	293,615
Deposits used for repayment of other loans	(80,249)	-	-	-	(80,249)
Dividend payable	-	-	-	131,689	131,689
New leases entered	-	-	4,390	-	4,390
Derecognition of lease liabilities	-	-	(576,985)	-	(576,985)
Acquisition of a subsidiary	1,132,000	-	-	-	1,132,000
Rent payables	-	-	(5,308)	-	(5,308)
Finance costs	1,390,945	-	19,452	-	1,410,397
Interest accrual – capitalized	16,348	-	-	-	16,348
Exchange difference	(5,655)	-	-	-	(5,655)
At December 31, 2024	30,371,910	102,781	3,574	3	30,478,268
Net financing cash flows	287,441	48,000	(1,548)	(225,755)	108,138
Bill receivables discounted (Note a)	2,566,637	-	-	-	2,566,637
Deposits used for repayment of other loans	(234,501)	-	-	-	(234,501)
Dividend payable	-	-	-	225,755	225,755
Finance costs	1,390,415	-	108	-	1,390,523
Interest accrual – capitalized	43,172	-	-	-	43,172
Exchange difference	1,334	-	-	-	1,334
At December 31, 2025	34,426,408	150,781	2,134	3	34,579,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(continued)*

Notes:

- a. During each reporting period, the Group has discounted bills receivable from third parties to banks for short-term financing. The relevant cash flows of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the Directors consider the cash flows are in substance, the receipts from trade customers.
- b. Dividend payable is included in trade and other payables as set out in note 30.

44. COMMITMENTS

Capital commitments outstanding at the end of each reporting period not provided for in the consolidated financial statements were as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of – property, plant and equipment	900,197	708,448

45. PLEDGE OF ASSETS

At the end of each reporting period, in addition to the discounted bills securing the Group's bank loans as disclosed in note 28, certain Group's assets were pledged to secure banking facilities granted to the Group and their carrying amounts are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Property, plant and equipment	8,391,364	9,396,855
Right-of-use assets	482,042	783,599
Investment properties	1,680,271	1,810,470
Inventories	140,000	290,010
Trade receivables	655,742	789,463
Restricted bank deposits	2,965,627	2,316,610
	14,315,046	15,387,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Shareholding/equity interest attributable to the Company		Principal activities
			as of December 31,		
			2025	2024	
Golden Sino Enterprises Limited ("Golden Sino") (Note (iii))	BVI	Ordinary share USD1	100%	100%	Investment holding
China Risun Group (Hong Kong) Limited ("Hong Kong Risun")	Hong Kong	Ordinary share HKD1	100%	100%	Investment holding and trading of coke, coking chemicals and refined chemicals
Risun Global Limited ("Risun Global")	Hong Kong	Ordinary share HKD3,000,000	100%	100%	Trading of coke, coking chemicals and refined chemicals
Risun Group Limited (旭陽集團有限公司) (Notes (i) and (iv))	The PRC	Paid-in capital RMB5,000,000,000	100%	100%	Investment holding
Hebei Risun Energy (河北旭陽能源有限公司) (Notes (ii) and (iv))	The PRC	Paid-in capital RMB1,079,826,575	92.61%	92.61%	Production of coke and coking chemicals
Yuncheng Risun Energy (鄆城旭陽能源有限公司) (Note (iv))	The PRC	Paid in capital RMB420,000,000	100%	100%	Production of coke and coking chemicals
Risun China Gas (呼和浩特旭陽中燃能源有限公司) (Note (iv))	The PRC	Paid in capital RMB1,336,000,000	67%	67%	Production of coke and coking chemicals
Xingtai Risun Coal Chemicals Limited ("Xingtai Risun Coal Chemicals") (邢台旭陽煤化工有限公司) (Notes (ii) and (iv))	The PRC	Paid-in capital RMB776,000,000	100%	100%	Production of refined chemicals
Cangzhou Risun (滄州旭陽化工有限公司) (Notes (ii) and (iv))	The PRC	Paid-in capital RMB4,452,960,824	80.48%	80.48%	Production of refined chemicals
Dingzhou Tianlu (定州天鷲新能源有限公司) (Note (iv))	The PRC	Paid-in capital RMB768,049,200	76.80%	50.01%	Production of refined chemicals
Dongming Risun Chemical Co., Ltd. (東明旭陽化工有限公司) (Note (iv))	The PRC	Paid-in capital RMB2,231,810,000	100%	100%	Production of refined chemicals

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up issued/ registered capital	Shareholding/equity interest attributable to the Company		Principal activities
			as of December 31,		
			2025	2024	
Xingtai Risun Chemicals Limited (邢台旭陽化工有限公司) (Notes (i) and (iv))	The PRC	Paid-in capital RMB218,520,000	100%	100%	Production of refined chemicals
Tangshan Risun Chemicals Limited (唐山旭陽化工有限公司) (Notes (i) and (iv))	The PRC	Paid-in capital RMB1,045,000,000	100%	100%	Production of refined chemicals
Risun Marketing Limited (旭陽營銷有限公司) (Notes (ii) and (iv))	The PRC	Paid-in capital RMB1,200,000,000	100%	100%	Trading of coke, coking chemicals and refined chemicals
Xingtai Risun Trading Limited ("Xingtai Risun Trading") (邢台旭陽貿易有限公司) (Notes (i) and (iv))	The PRC	Paid-in capital RMB94,750,000	100%	100%	Trading of coke, coking chemicals and refined chemicals
Risun Materials Co., Ltd (旭陽物產株式會社) (Notes (iii) and (iv))	Japan	Paid-in capital JPY155,000,000	100%	100%	Trading of coke, coking chemicals refined and chemicals
Tangshan Risun Materials Limited (唐山旭陽物產有限公司) (Notes (i) and (iv))	The PRC	Paid-in capital RMB500,000,000	100%	100%	Trading of coke and coking chemicals
Dingzhou Zhongxu Industrial Limited (定州中旭置業有限公司) (Notes (iii) and (iv))	The PRC	Paid-in capital RMB50,000,000	100%	100%	Real estate development
Xuyang Chemical Technology Research Institute (旭陽化學技術研究院有限公司) (Notes (iv))	The PRC	Paid-in capital RMB900,000,000	100%	100%	Property leasing

Notes:

- (i) These entities are wholly foreign owned enterprises established in the PRC.
- (ii) These entities are sino-foreign owned entities established in the PRC.
- (iii) No audited statutory financial statements have been prepared for these subsidiaries.
- (iv) The English translation of the names is for reference only. The official names of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All of the subsidiaries, except for Golden Sino, are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

All companies now comprising the Group have adopted December 31, as their financial year end.

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				RMB'000	RMB'000	RMB'000	RMB'000
Hebei Risun Energy	Production of coke and coking chemicals	7.39%	7.39%	10,326	116	365,123	399,797
Dingzhou Tianlu	Production of refined chemicals	23.20%	49.99%	54,304	54,398	398,359	905,270
Risun China Gas	Production of coke and coking chemicals	33.00%	33.00%	29,466	24,835	763,557	734,090
Cangzhou Risun	Production of refined chemicals	19.52%	19.52%	3,624	-	1,061,773	1,058,149
Other subsidiaries with non-controlling interests	Production of refined chemicals			(21,042)	(1,679)	1,240	19,602
				76,678	77,670	2,590,052	3,116,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

47. FINANCIAL INFORMATION OF THE COMPANY

Information about the statement of financial position of the Company was as follows:

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investment in a subsidiary	2,597,816	2,597,144
Right-of-use assets	2,073	3,536
Amounts due from subsidiaries (<i>Note</i>)	115,876	134,372
Financial assets at FVTPL	37,750	75,168
	2,753,515	2,810,220
Current assets		
Amounts due from subsidiaries (<i>Note</i>)	279,676	280,254
Trade and other receivables	3,132	1,986
Cash and cash equivalent	37,050	50,426
	319,858	332,666
Current liabilities		
Lease liabilities	1,495	1,440
Amounts due to subsidiaries (<i>Note</i>)	132,278	9,246
Trade and other payables	162	580
	133,935	11,266
Non-current liabilities		
Lease liabilities	639	2,134
	639	2,134
Net current assets	185,923	321,400
Net assets	2,938,799	3,129,486
Capital and reserves		
Share capital	385,172	385,172
Reserves	2,553,627	2,744,314
Total equity	2,938,799	3,129,486

Note: As at December 31, 2025 and 2024, the amounts due from/to subsidiaries disclosed in the Company's statement of financial position are of non-trade nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

47. FINANCIAL INFORMATION OF THE COMPANY (continued)

Movements in the Company's reserves

	Treasury Stocks RMB'000	Share premium RMB'000	Other reserve RMB'000	Retained profit RMB'000	Total RMB'000
At January 1, 2024	(37,173)	3,007,156	–	(1,628)	2,968,355
Profit for the year	–	–	–	44,564	44,564
Cancellation of shares (note 35)	62,802	(60,926)	–	–	1,876
Repurchase of shares as treasury stocks (note 35)	(323,045)	–	–	–	(323,045)
Issue of shares (note 35)	–	139,253	–	–	139,253
Dividends appropriation (note 14)	–	–	–	(86,689)	(86,689)
At December 31, 2024	(297,416)	3,085,483	–	(43,753)	2,744,314
Profit for the year	–	–	–	91,457	91,457
Repurchase of shares as treasury stocks (note 35)	(179,960)	–	–	–	(179,960)
Recognition of equity-settled share-based payment (note 38)	–	–	1,284	–	1,284
Dividends appropriation (note 14)	–	–	–	(103,468)	(103,468)
At December 31, 2025	(477,376)	3,085,483	1,284	(55,764)	2,553,627

DEFINITIONS

“Articles” or “Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Cabot Risun Chemicals”	Cabot Risun Chemical (Xingtai) Co., Ltd. (卡博特旭陽化工(邢台)有限公司), a limited liability company established in the PRC on June 23, 2011 and owned as to 60.0% by Cabot (China) Limited (卡博特(中國)投資有限公司), an independent third party, and 40.0% by our subsidiary, Risun Group. It is an associate of the Company
“Cangzhou Production Base”	our production base in Cangzhou, where the refined chemical facilities directly owned by our subsidiary, Cangzhou Risun Chemicals, are located
“CCIA”	the China Coking Industry Association (中國煉焦行業協會), an association composed of representatives from the PRC coking industry
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references to “China” and the “PRC” do not include Hong Kong, Macau and Taiwan
“CNC Risun Energy”	Hebei CNC Risun Energy Limited (河北中煤旭陽能源有限公司), a limited liability company incorporated in the PRC on November 21, 2003 and a joint venture company of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	China Risun Group Limited (中國旭陽集團有限公司), a company incorporated in the Cayman Islands with limited liability on November 8, 2007
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Consolidated Financial Statements”	the consolidated financial statements for the year ended December 31, 2025 prepared by the directors of the Company and audited by Deloitte Touche Tohmatsu, set out on pages 85 to 199 of this annual report
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, means each of Texson and Mr. Yang
“Deed of Non-competition”	a deed of non-competition entered into by each of the Controlling Shareholders containing the undertakings as described in the paragraph headed “Relationship with our Controlling Shareholders – Deed of Non-Competition” of the Prospectus, in favor of the Company and our subsidiaries dated February 20, 2019
“Dingzhou Production Base”	our production base in Dingzhou, where the refined chemical facilities owned by our subsidiary, Dingzhou Tianlu New Energy and the coking facilities owned by our subsidiary, Hebei Risun Coking Limited, are located
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortization
“Executive Director(s)”	executive Director(s)
“FVTPL”	fair value through profit or loss
“Global Offering”	the offer of 60,000,000 Shares initially offered by the Company for subscription by the public in Hong Kong at, the offer and sale of the 540,000,000 Shares by the Company to professional, institutional and other investors and an over-allotment of 90,000,000 Shares as described in the section headed “Structure of the Global Offering” in the Prospectus
“Group”, “we” or “us”	the Company and its subsidiaries or, where the context otherwise requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company, some or any of them and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
“HBCCIA”	Hebei Coking and Chemical Industry Association (河北省焦化行業協會), an association composed of representatives from the coking and coal chemical industries

DEFINITIONS

“HK\$” or “Hong Kong dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
“Independent Non-executive Director(s)”	independent non-executive Director(s)
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/ which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or our connected persons as defined under the Listing Rules
“Jinniu Risun Chemicals”	Hebei Jinniu Risun Chemicals Limited (河北金牛旭陽化工有限公司), a limited liability company established in the PRC on March 28, 2008 and owned as to 50.0% by our subsidiary, Xingtai Risun Trading and 50.0% by Hebei Jinniu Chemical Industry Co., Ltd. (河北金牛化工股份有限公司), a company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600722), and an independent third party. Jinniu Risun Chemicals is an associate of the Company
“Latest Practicable Date”	April 24, 2026, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained in this annual report
“Listing”	listing of the Shares on the Hong Kong Stock Exchange
“Listing Date”	the date, being, March 15, 2019, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Yang”	Mr. Yang Xuegang (楊雪崗), an Executive Director, the chairman of the Board and the chief executive officer, and one of the Controlling Shareholders of the Company

“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Prospectus”	the prospectus of the Company dated February 28, 2019 in relation to the initial public offering and the listing of the Shares on the Stock Exchange
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shares”	ordinary shares with a nominal value of HK\$0.10 each in the share capital of the Company
“Share Award Plan”	the share award plan adopted by the Company on May 30, 2025
“Share Option Scheme”	the share option scheme adopted by the Company on February 21, 2019
“Shareholder(s)”	holder(s) of the Shares
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Tangshan Production Base”	our production base in Tangshan, where the refined chemical facilities owned by our subsidiary, Tangshan Risun Chemicals are located
“Texson”	Texson Limited (泰克森有限公司), a company incorporated in the BVI on February 19, 2004 and wholly-owned by Mr. Yang. It is one of the Controlling Shareholders
“Treasury Shares”	has the meaning ascribed thereto in the Listing Rules
“USA”	the United States of America
“USD”	the lawful currency of the USA

DEFINITIONS

“Xingtai Production Base”	our production base in Xingtai, where the coking facilities owned by our joint venture company, CNC Risun Energy, and refined chemical facilities owned by our subsidiaries, Xingtai Risun Coal Chemicals, Xingtai Risun Chemicals and our associates, Jinniu Risun Chemicals and Cabot Risun Chemicals are located
“Xingtai Risun Chemicals”	Xingtai Risun Chemicals Limited (邢台旭陽化工有限公司), a limited liability company established in the PRC on March 17, 2014 and an indirect wholly-owned subsidiary of the Company
“Xingtai Risun Trading”	Xingtai Risun Trading Limited (邢台旭陽貿易有限公司) (formerly known as Xingtai Risun Coking Limited (邢台旭陽焦化有限公司)), a limited liability company established in the PRC on May 12, 1995 and an indirect wholly-owned subsidiary of the Company
“Xuyang Holding Group”	Xuyang Holding and its subsidiaries
“Xuyang Holding”	Xuyang Holding Limited (旭陽控股有限公司) (formerly known as Xuyang Coking Holding Limited (旭陽焦化控股有限公司) and Tianlu Industrial Holding Limited (天鷲實業控股有限公司)), a limited liability company established in the PRC on August 4, 2004 and owned as to 99.0% by Mr. Yang and 1.0% by Mrs. Yang
“%”	per cent