



弘海  
GRAND OCEAN  
0065.HK

Grand Ocean Advanced Resources Company Limited  
弘海高新資源有限公司

Incorporated in the Cayman Islands with limited liability  
Stock code : 65

# 2025

## Annual Report



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# CORPORATE PROFILE

## Board of Directors

### Executive Director

Mr. NG Ying Kit

### Non-Executive Director

Ms. KWONG Pui Yin

### Independent Non-Executive Directors

Mr. LEE Wai Ming

Mr. CHANG Xuejun

Mr. LI Juhui

## Company Secretary

Ms. CHENG On Yi

## Authorised Representatives

Mr. NG Ying Kit

Ms. CHENG On Yi

## Audit Committee

Mr. LEE Wai Ming (*Chairman*)

Mr. CHANG Xuejun

Mr. LI Juhui

## Remuneration Committee

Mr. CHANG Xuejun (*Chairman*)

Mr. LI Juhui

Ms. KWONG Pui Yin

## Nomination Committee

Mr. LEE Wai Ming (*Chairman*)

Mr. LI Juhui

Ms. KWONG Pui Yin

## Registered Office

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Corporate Website

[www.grandocean65.com](http://www.grandocean65.com)

## Head Office and Principal Place of Business in Hong Kong

8/F

Hip Shing Hong Centre

No. 55 Des Voeux Road Central

Central

Hong Kong

## Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D

P.O. Box 1586

Gardenia Court

Camana Bay

Grand Cayman KY1-1110

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

## Principal Bankers

Hang Seng Bank Limited

Bank of Communications (Hong Kong) Limited

## Independent Auditor

Suya WWC CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

## Legal Advisers

As to Hong Kong Law:

Neo Solicitors LLP

As to Cayman Islands Law:

Conyers Dill & Pearman

## Stock Code

65

## DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

“2025 AGM”	an annual general meeting held by the Company on 22 August 2025;
“Second Amended and Restated Memorandum and Articles”	the memorandum and the articles of association of the Company adopted by a special resolution passed at a general meeting held on 21 June 2023, and “Article” shall mean an article of the articles of association;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“Coal Mining Business”	production and sale of coal;
“Company”	Grand Ocean Advanced Resources Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 65);
“Director(s)”	the director(s) of the Company from time to time;
“Group”	the Company and all of its subsidiaries from time to time;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“INED(s)”	the independent non-executive Director(s) of the Company;
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons as defined in the Listing Rules;
“Laos”	the Lao People’s Democratic Republic;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;

## DEFINITIONS

"NED(s)"	the non-executive Director(s) of the Company;
"Nomination Committee"	the nomination committee of the Company;
"PRC" or "China"	the People's Republic of China;
"Remuneration Committee"	the remuneration committee of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
"Share(s)"	ordinary share(s) of the Company;
"Shareholder(s)"	holder(s) of issued Share(s) from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	percent.

## CHAIRMAN'S STATEMENT

In 2025, the increasingly stringent regulations and tightening policies governing China's coal industry have continued to bring various challenges to our Coal Mining Business. The reserves of our Inner Mongolia Coal Mine 958 has depleted since the commencement of coal production in 2010, furthermore, significant capital investment is necessary for aged infrastructures and new mining machineries to meet the new industry standards. These issues had continued to weigh on the Group's financial performance. In view of the circumstances, the Company remains committed to actively exploring suitable investment opportunities in the mining and energy sectors to diversify its business portfolio and strengthen its long-term resilience.

Our first venture in 2024 into Laos' copper mining sector encountered unexpected hardship. Nevertheless, the Board has taken appropriate legal actions and decisive steps to resolve the situation and maintain close oversight of the progress. The Board believes that business diversification remains essential to the Group's long-term development.

Looking ahead, the Group will remain focused on enhancing operation and capital efficiencies, and synchronously identifying new investment opportunities in the mining and energy sectors, with an aim to enhance shareholders' value for long-term success.

Last but not least, on behalf of the Board, I would like to express our sincere gratitude to our dedicated employees for their valuable contributions, as well as to our shareholders and business partners for their continued trusts and supports.

The Board of the Directors of the Company

22 April 2026

# FINANCIAL HIGHLIGHTS

## Financial Highlights

	2025 HK\$'000	2024 HK\$'000	Change
<b>Operating Results</b>			
Revenue	161,552	180,934	-10.7%
Gross profit	64,928	67,469	-3.8%
Finance costs	66	36	83.3%
Loss for the year attributable to owners of the Company	(50,969)	(50,768)	0.4%
Loss per share – Basic	HK(23.91) cents	HK(25.50) cents	-6.2%
<b>Financial Position</b>			
Total assets	233,026	284,673	-18.1%
Total liabilities	96,311	96,423	-0.1%
Bank and cash balances	71,428	73,412	-2.7%
Equity attributable to owners of the Company	109,520	144,163	-24.0%
<b>Financial Ratio</b>			
Current ratio	1.45	1.52	-4.6%

## Five-Year Financial Summary

The following is a summary of the published consolidated results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the Group's audited consolidated financial statements as follows:

### Results

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	<b>161,552</b>	180,934	187,960	191,180	183,016
<b>(Loss)/Profit from operations</b>	<b>(76,437)</b>	(66,805)	(32,009)	34,072	31,628
Finance costs	(66)	(36)	(827)	(1,170)	(38)
<b>(Loss)/Profit before tax</b>	<b>(76,503)</b>	(66,841)	(32,836)	32,902	31,590
Income tax credit/(expense)	7,080	3,058	(774)	(6,802)	385
<b>(Loss)/Profit for the year</b>	<b>(69,423)</b>	(63,783)	(33,610)	26,100	31,975
Attributable to:					
Owners of the Company	<b>(50,966)</b>	(50,768)	(23,734)	10,237	14,372
Non-controlling interests	<b>(18,457)</b>	(13,015)	(9,876)	15,863	17,603
	<b>(69,423)</b>	(63,783)	(33,610)	26,100	31,975

## FINANCIAL HIGHLIGHTS

### Five-Year Financial Summary (Continued)

#### Assets, Liabilities and Equity

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	125,574	170,105	167,364	166,967	154,850
Current assets	107,452	114,568	139,861	138,383	105,149
<b>TOTAL ASSETS</b>	<b>233,026</b>	284,673	307,225	305,350	259,999
Non-current liabilities	22,048	20,862	20,292	20,721	22,424
Current liabilities	74,263	75,561	89,445	91,219	58,800
<b>TOTAL LIABILITIES</b>	<b>96,311</b>	96,423	109,737	111,940	81,224
<b>NET ASSETS</b>	<b>136,715</b>	188,250	197,488	193,410	178,775
Attributable to:					
Owners of the Company	109,520	144,163	138,598	123,125	119,128
Non-controlling interests	27,195	44,087	58,890	70,285	59,647
<b>TOTAL EQUITY</b>	<b>136,715</b>	188,250	197,488	193,410	178,775

Note:

The results of the Group for the year ended 31 December 2025 and of the assets, liabilities and equity of the Group as at 31 December 2025 are those set out on pages 84 to 88 of the audited consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business and financial review

The Group recorded total revenue of approximately HK\$161,552,000 for the year ended 31 December 2025, representing a decrease of approximately HK\$19,382,000 or approximately 10.7% as compared to the revenue of approximately HK\$180,934,000 for the year ended 31 December 2024. The loss for the year ended 31 December 2025 amounted to approximately HK\$69,423,000 as compared to approximately HK\$63,783,000 for the year ended 31 December 2024. The loss attributable to owners of the Company for the year ended 31 December 2025 amounted to approximately HK\$50,966,000 as compared to approximately HK\$50,768,000 for the year ended 31 December 2024.

The loss for the year ended 31 December 2025 is primarily attributable to the recognition of (i) an impairment loss on the non-financial assets of the Group's coal mining business cash-generating unit of approximately HK\$43,837,000 as detailed below; and (ii) addition of expected credit loss on the loan to an associate of approximately HK\$8,675,000, factored the increasing aging and changes in the market and general economic environment under the expected credit loss model.

## The Coal Mining Business

Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited ("**Inner Mongolia Jinyuanli**"), an indirect non-wholly owned subsidiary of the Company, operates the Group's Inner Mongolia Coal Mine 958 (the "**Inner Mongolia Coal Mine 958**") in the Inner Mongolia region with an allowed annual coal production capacity of 1,200,000 tonnes. During the year ended 31 December 2025, approximately 870,000 tonnes (2024: 902,000 tonnes) of coals were produced and approximately 870,000 tonnes (2024: 908,000 tonnes) of coals were sold.

In September 2020, Inner Mongolia Jinyuanli entered into a Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) with the Huolinguole Natural Resources Bureau (霍林郭勒市自然資源局) and a land premium of RMB11.6 million (equivalent to approximately HK\$13.0 million) was paid in November 2020. Thereafter, Inner Mongolia Jinyuanli had submitted the application for the grant of the real estate ownership certificates (不動產所有權證) pending for the approval. During the year ended 31 December 2025, Inner Mongolia Jinyuanli obtained the real estate ownership certificates granted by Huolinguole Natural Resources Bureau, with a validity period until November 2070.

In 2023, Inner Mongolia Jinyuanli had successfully renewed its: (i) safety production permit (安全生產許可證) granted by the Energy Administration of Inner Mongolia autonomous region (內蒙古自治區能源局); and (ii) coal mining license (採礦許可證) granted by the Tongliao Natural Resources Bureau (通遼市自然資源局), both of which were extended until 24 September 2026 and 26 October 2034 respectively.

At present, the local government authorities of the Inner Mongolia region visited Inner Mongolia Jinyuanli occasionally to review mainly the workplace safety and coal resources of the Inner Mongolia Coal Mine 958. During the year ended 31 December 2025, administrative fines of RMB268,000 (equivalent to approximately HK\$291,000) (2024: RMB600,000 (equivalent to approximately HK\$650,000)) were paid to the local government authorities for certain minor workplace safety matters.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2025, the Coal Mining Business segment recorded a decrease in both production output and revenue compared with the year ended 31 December 2024. Based on the ongoing assessment of the remaining coal resources in accordance with “Provisional Measures for Preventing Coal Mine Excavation and Mining Continuity Tension”《防範煤礦採掘接續緊張暫行辦法》, the coal resources of the Inner Mongolia Coal Mine 958 had been declining following 15 years of extraction. In view of tighter regulatory requirements in the local coal mining industry and the difficulties in the mining activities due to more complex underground geographical conditions, the Inner Mongolia Coal Mine 958 is more prudent in accepting sales orders, resulting in reduced production output and revenue during 2025.

In view of the decrease in remaining coal resources and increasing in capital expenditures and operating costs, the management of Inner Mongolia Coal Mine 958 adjusted the projected annual production output from 900,000 tonnes in 2024 to 850,000 tonnes in 2025. As such, based on the impairment assessment review, an impairment loss of approximately HK\$43,837,000 had been recognised on the carrying amounts of non-financial assets of the Coal Mining Business segment of the Group during the year ended 31 December 2025.

### Impairment assessment review on property, plant and equipment, intangible asset and right-of-use assets of the Coal Mining Business segment

The management of the Company has performed an impairment assessment review on the carrying amounts of the property, plant and equipment, intangible asset and right-of-use assets under the non-financial assets of the Coal Mining Business cash-generating unit (the “**Coal Mining CGU**”) at each of the reporting period.

The recoverable amount of the Coal Mining CGU was estimated based on the value in use calculation, determined by discounting the future cash flows to be generated from the continuing use of these assets. The key assumptions of the cash flow projections were made based on the current business and financial conditions of Inner Mongolia Jinyuanli. An independent professional valuer has been engaged by the Company to review the appropriateness and reasonableness of the assumptions applied in the cash flow projections, and conduct a valuation on the Coal Mining CGU.

The key assumptions and parameters adopted in the cash flow projections of the Coal Mining CGU as at 31 December 2024, 30 June 2025 and 31 December 2025 are set out below:

Key assumptions	31 December 2024	30 June 2025	31 December 2025
Projected annual coal production output for the period until the expiry date of the business license (note 1)	900,000 tonnes	900,000 tonnes	<b>850,000 tonnes</b>
Average unit coal selling price per tonne (including value-added tax) (note 2)	2025: RMB191 2026: RMB196 2027 onwards: increase with inflation rate	2025: RMB191 2026: RMB196 2027 onwards: increase with inflation rate	<b>2026: RMB190 2027: RMB195 2028 onwards: increase with inflation rate</b>
Inflation rate	2.5%	2.5%	<b>2.5%</b>
Pre-tax discount rate	16.58%	16.06%	<b>14.39%</b>

Notes:

- (1) Based on the latest coal resources assessment and production plan, the estimated annual coal production output of the Inner Mongolia Coal Mine 958 is expected to be around 850,000 tonnes until the expiry date of the business license.
- (2) The estimated unit selling price of coal (average unit selling price) was determined by referencing to: (i) the current unit selling price of coals; (ii) the prevailing market price of coals in the Inner Mongolia region; and (iii) the historical average unit selling price of coals produced by Inner Mongolia Jinyuanli over past few years.

### Selling and distribution expenses

The selling and distribution expenses of the Group for the year ended 31 December 2025 in the amount of approximately HK\$4,091,000 was 100% attributed to the Coal Mining Business, representing an increase of approximately HK\$182,000 as compared to approximately HK\$3,909,000 for the year ended 31 December 2024. The slight increase in selling and distribution expense was mainly caused by the increase in logistics costs during the year.

### Administrative expenses

The administrative expenses of the Group for the year ended 31 December 2025 amounted to approximately HK\$85,790,000, representing a decrease of approximately HK\$18,021,000 as compared to approximately HK\$103,811,000 for the year ended 31 December 2024. The decrease in administrative expense was mainly attributable to the decrease in staff costs and the administrative fees, such as the professional fees and laboratory fees incurred for the acquisition in 2024. The management of the Company will continue to adopt cost saving measures to improve the financial performance of the Group.

### Finance costs

During the year ended 31 December 2025, the amount of approximately HK\$66,000 (2024: HK\$36,000) represented the interest expense incurred from the lease agreement.

### Loss for the year

The loss for the year ended 31 December 2025 amounted to approximately HK\$69,423,000 as compared to approximately HK\$63,783,000 for the year ended 31 December 2024. The loss attributable to owners of the Company for the year ended 31 December 2025 was approximately HK\$50,966,000 as compared to approximately HK\$50,768,000 for the year ended 31 December 2024.

### Investment in the Copper Mine located in Laos

On 26 August 2024, Big Wish Global Holdings Limited (“**Big Wish Global**”), an indirect wholly-owned subsidiary of the Company, completed the acquisition of 52% equity interests in Thaisan Jiujiu Investment Laos Trade Co., Ltd (老撾泰山久久投資貿易有限公司) (“**Thaisan Jiujiu**”) at a cash consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). Thaisan Jiujiu and its 51% non-wholly owned subsidiary, Lao Taishan Jiujiu Mining Co., Ltd (老撾泰山久久礦業有限公司) (collectively referred to as the “**Laos Companies**”), are principally engaged in copper mining in Laos.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 4 October 2024, Big Wish Global, as lender, and Thaisan Jiujiu, as borrower, entered into a shareholder's loan agreement, pursuant to which Big Wish Global, being the 52% shareholder of Thaisan Jiujiu, had agreed to provide a shareholder's loan in the principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) to Thaisan Jiujiu for the repayment of funds advanced by the then shareholders to Thaisan Jiujiu for the addition of machineries and construction of infrastructures of the copper mine.

Since early 2025, the legal representative and business partner of Thaisan Jiujiu (the "**Recipients**") have been delayed in providing the books and records required for audit purpose, and also refused to provide satisfactory response to the Company's requests. In view of such circumstances, the Company issued two demand letters to the Recipients through its Hong Kong legal adviser in March 2025 and Laos legal adviser in April 2025 respectively, demanding for, inter alia, the provision of requested financial information and documents and the full cooperation with the auditor of the Company. After prolonged coordination, the Recipients ultimately responded to the Company and provided certain books and records of the Laos Companies in May 2025.

In light of the non-cooperation of the Recipients and the legal opinion provided by the Laos legal adviser, the management of the Company is of the view that notwithstanding that the Group cannot exercise control over Thaisan Jiujiu, it nevertheless retains significant influence over Thaisan Jiujiu by virtue of the relevant legal rights attached to its majority shareholding and is able to meet the requirements as associate as set out in *HKAS 28 Investments in Associates and Joint Venturers* ("**HKAS 28**"). Therefore, the Group classified the investment in Thaisan Jiujiu as associate and accounted for it using the equity method of accounting in accordance with HKAS 28.

During the year ended 31 December 2025, the Group has continuously used its best endeavors to obtain the financial information of the Laos Companies and made multiple requests to the Recipients. The most recent financial information possessed by the Group for the preparation of the Group's consolidated financial statements for the year ended 31 December 2025 was the unaudited financial information of the Laos Companies for the four months ended 30 April 2025.

In 2025, the Group engaged a Laos legal firm to commence the legal proceedings in Laos and the Group had prepared, through its Laos legal adviser, an application and relevant documents for the local village committee to initiate mediation as prerequisite procedures for legal proceedings in Laos pursuant to the Laos laws.

As part of the mediation process, Big Wish Global requested a shareholders' meeting be convened to change the legal representative of Thaisan Jiujiu. On 14 November 2025, the shareholders' meeting of Thaisan Jiujiu was held with sufficient quorum and the resolutions regarding the change of legal representative were duly passed by more than half of the votes. However, despite the involvement of the local village committee, the minority shareholder refused to cooperate with any subsequent procedures regarding the change of legal representative.

Following the mediation process through the local village committee, the Laos legal adviser submitted a petition to the court on 15 December 2025, requesting the court to confirm the validity of the shareholders' meeting resolution and to approve the transfer of all the management right to the new legal representative nominated by the Group. After a preliminary review of the materials, the court advised that the Group should first submit an application to the Ministry of Industry and Commerce of Laos (the "**Ministry of Industry and Commerce**") for an official reply on the validity of the shareholders' meeting resolutions regarding the change of legal representative. In March 2026, the Group received the official reply from the Ministry of Industry and Commerce, which confirmed the validity of the shareholders' meeting resolution. On 9 April 2026, the Group obtained the new enterprise certificate, and it is expected that the Group will obtain the new company seal by the end of April 2026.

The Group will continue to take appropriate action(s), based on ongoing discussions with and the advice from its Laos legal adviser and in accordance with the latest progress of the legal proceedings in Laos, to exercise and protect its rights as the majority shareholder of Thaisan Jiujiu, with the aim of obtaining sufficient management control and oversight of Thaisan Jiujiu and all books and records pertaining to the Laos Companies.

## Placing of new shares

On 5 September 2025, the Company entered into a placing agreement with Imperium International Securities Limited (the **"Placing Agent"**) pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum number of 40,920,000 placing shares at the placing price of HK\$0.40 per placing share to not less than six placees who and whose ultimate beneficial owners should be Independent Third Parties. On 26 September 2025, the Company entered into a supplemental placing agreement with the Placing Agent, pursuant to which the placing price was adjusted to HK\$0.335 per placing share (the **"Placing"**).

The adjusted placing price of HK\$0.335 per placing share represented: (i) a discount of approximately 15.19% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange as at the date of the supplemental placing agreement; and (ii) a discount of approximately 18.89% to the average closing price per Share of approximately HK\$0.413 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the supplemental placing agreement.

The Directors consider that the net proceeds from the Placing will raise additional funds for the Group's operation and future development and strengthen its financial position, and also broaden the shareholders and capital base of the Company, providing working capital to the Group to meet any financial needs of the Group without any interest burden.

The Placing was completed on 17 October 2025 and 40,920,000 new Shares (with a nominal value of HK\$4,092,000) were issued and allotted at the adjusted placing price of HK\$0.335 per placing share. The gross proceeds from the Placing were approximately HK\$13,708,000, and the net proceeds were approximately HK\$13,494,000 after issuance costs of approximately HK\$214,000. The net issue price was approximately HK\$0.329 per placing share. These shares rank pari passu in all respects with other shares in issue.

## USE OF PROCEEDS FROM PAST FUND RAISING ACTIVITIES

Set forth below are the detailed breakdown of the utilisation of net proceeds from the Placing:

	Original intended use of net proceeds HK\$'000	Accumulated amount of net proceeds utilised as at 31 December 2025 HK\$'000	Unutilised net proceeds as at 31 December 2025 HK\$'000	Expected timeline for use of unutilised proceeds HK\$'000
(i) Exploration fees, technician fees, professional fees, and other related expenses incurred for several identified potential investment opportunities in mining sector	3,000	–	3,000	By end of June 2026
(ii) General working capital	10,494	4,936	5,558	By end of December 2026
	13,494	4,936	8,558	

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and financial resources

As at 31 December 2025,

- (a) the aggregate amount of the Group's: (i) restricted bank deposits; and (ii) bank and cash balances was approximately HK\$72,014,000 (2024: HK\$73,565,000);
- (b) the Group had no borrowing (2024: Nil);
- (c) the Group's gearing ratio was zero (2024: zero). The gearing ratio was calculated as the Group's total borrowings divided by total equity; and
- (d) the Group's current ratio was approximately 1.45 (2024: 1.52). The current ratio was calculated as total current assets divided by total current liabilities.

The Board will continue to closely monitor the consolidated financial position of the Group to maintain its financial capacity for future operations and new business developments.

### Capital Structure

As at 31 December 2025, the issued share capital of the Company was approximately HK\$24,553,692, divided into 245,536,916 ordinary shares with a par value of HK\$0.1 each. Save as disclosed in the paragraph headed "Placing of new shares" above, there has been no other change to the capital structure of the Company during the year ended 31 December 2025.

### Pledge of assets

As at 31 December 2025, the Group did not have any pledge of assets (2024: Nil).

### Foreign currency risk

The Group's sales and purchases are mainly transacted in RMB and the books are recorded in HK\$. The management of the Company noted the recent fluctuation in the exchange rate between RMB and HK\$, and is of the opinion that it does not have any material adverse impact to the Group's consolidated financial position at present. The Group currently does not have a foreign currency hedging policy. The management of the Company will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Acquisition and disposal of material subsidiaries, associates and joint ventures

The Group did not acquire nor dispose of any material subsidiaries, associates and joint ventures during the year ended 31 December 2025.

### Significant investment

The Group did not purchase, sell or hold any significant investments during the year ended 31 December 2025.

### Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2025.

### Capital commitment

As at 31 December 2025, the Group's capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment amounted to approximately HK\$7,157,000 (2024: HK\$1,213,000).

### Employees

The Group employed 454 full-time employees as at 31 December 2025 (2024: 425) in Hong Kong and the PRC. Remuneration of the staff comprises monthly salaries, provident fund contributions, medical benefits, training programs, housing allowances and discretionary bonus based on their qualifications, job nature, performance and working experiences referencing to the prevailing market rate and contributions to the Group. Staff costs including Directors' emoluments for the year ended 31 December 2025 were approximately HK\$86,396,000 (2024: HK\$95,812,000).

### Prospects

The Group's Coal Mining Business continues to face challenges from stringent regulatory policies in local coal mining industry and the profitability of the Coal Mining Business has been further affected by the depletion of coal resources and the increase of operational complexities associated with aging machinery after years of production. To diversify and strengthen business portfolio, the Group is actively seeking suitable investment opportunities in both domestic and international mining and energy markets.

The incident we encountered in Laos' copper mining sector during our initial venture in 2024 provided us with valuable experience, prompting the Group to enhance its risk assessment and operational supervision in the future. The Group is actively pursuing all necessary actions to resolve these outstanding issues, safeguard its rights and interests, and will maintain close oversight of the progress of the legal proceedings in Laos. By leveraging our accumulated experience in the mining sector, we will continue to apply our expertise to pursue new investment opportunities as an integral part of our business development strategy, driving the long-term growth and success of the Group while further developing our mining business.

Looking ahead, the Group will continue to implement cost control measures and enhance its funding management to improve its financial position for future business opportunities. The Group aims to build a more robust and diversified portfolio, ultimately delivering sustainable value and enhanced returns to our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Qualified opinion for the year ended 31 December 2025

The auditor of the Company (the “**Auditor**”) issued a qualified opinion (the “**Qualified Opinion**”) on the Group’s consolidated financial statements for the year ended 31 December 2025 in relation to the Group’s investment in Thaisan Jiujiu.

#### Details of the Qualified Opinion and the impact on the consolidated financial statements

The Group classified its investment in Thaisan Jiujiu as an associate and accounted for by using the equity method of accounting. A carrying amount of approximately HK\$23,561,000 was recorded as “Interest in an associate” in the consolidated statement of financial position as at 31 December 2025 and a share of results of associate amounting to approximately HK\$1,857,000 was recognised in the profit or loss during the year ended 31 December 2025. The shareholder’s loan provided to Thaisan Jiujiu was recognised as “Loan to an associate” in the consolidated statement of financial position with a carrying amount of approximately HK\$29,029,000 and an expected credit loss amounting to approximately HK\$8,675,000 was recognised in the profit or loss during the year ended 31 December 2025. As set out in the paragraph headed “Basis for qualified opinion” in the Independent Auditor’s Report on page 79 of this report, the Auditor was unable to obtain sufficient audit evidence to determine the appropriateness of the accounting impact regarding the classification, valuation, and related disclosures of the loan to an associate and 52% equity interest in Thaisan Jiujiu as an interest in an associate and accounted for in accordance with HKAS 28 due to the lack of sufficient audit evidence to demonstrate the existence of significant influence of the Company on Thaisan Jiujiu.

During the audit of Thaisan Jiujiu, the Auditor requested the Company to provide the financial records of Thaisan Jiujiu for the year ended 31 December 2025, the corporate documents (such as the corporate certificates, shareholders’ agreement and minutes of board meeting held during the year), as well as the other legal and government documents in relation to the legal proceedings that occurred during the year.

Based on the Auditor’s representations, “*sufficient audit evidence*” included:

- (a) audited financial statements or management accounts of Thaisan Jiujiu for the year ended 31 December 2025;
- (b) complete set of general ledgers, trial balance, and supporting schedules of Thaisan Jiujiu for the year ended 31 December 2025;
- (c) evidence of the Group’s ability to exercise significant influence or control over Thaisan Jiujiu (such as board meeting minutes, voting agreements, evidence of representation on the board); and
- (d) any shareholder agreements or official documents defining rights and obligations.

During the year ended 31 December 2025, the Group has continuously used its best endeavors to obtain the corresponding information and provided the same to the Auditor for support of the classification as an associate in accordance with HKAS 28.

Due to non-cooperation of the Recipients, the most recent financial information possessed by the Group was the unaudited financial information of the Laos Companies for the four months ended 30 April 2025. In response, the Group had taken a series of actions, through its Laos legal adviser, to safeguard its rights and interests as a majority shareholder of Thaisan Jiujiu. In addition to issuing the demand letters, the Group also requested to convene the shareholders' meeting to change the legal representative. On 14 November 2025, the shareholders' meeting of Thaisan Jiujiu (the "**Shareholders' Meeting**") was held with sufficient quorum, and the Group proposed resolutions to remove the old legal representative and nominate its director to become the new legal representative of Thaisan Jiujiu. Such resolutions regarding the change of legal representative were duly passed by more than half of the votes.

Although the minority shareholder refused to cooperate with any subsequent procedures regarding the change of legal representative, it does not impair the Group's significant influence over Thaisan Jiujiu as the Group retains the legally enforceable rights under applicable Laos laws to direct the outcome of any matters requiring shareholders' approval at a shareholders' meeting. This was further confirmed by the receipt of an official reply from the Ministry of Industry and Commerce in March 2026 regarding the validity of the Shareholders' Meeting.

With a view to resolve the Auditor's concerns over the audit evidence to demonstrate the existence of significant influence of the Group on Thaisan Jiujiu, the Group had, during the course of audit, provided the board resolutions and board minutes of the Shareholders' Meeting, official reply from the Ministry of Industry and Commerce, as well as the legal opinion prepared by the Laos legal adviser (the "**Legal Opinion**"), which provides the latest updates on the legal proceedings and gives an explanation on the rights and protections to the Group in accordance with relevant Laos laws, as an alternative audit evidence to address (c) and (d), to the Auditor for their consideration.

### Management's position and basis on major judgemental areas, and how the management's view is different from that of auditors

Based on the Legal Opinion, it is noticeable that the Group cannot exercise its control over Thaisan Jiujiu unilaterally current due to the non-cooperation of the Recipients. From the audit perspectives, the Management of the Company (the "**Management**") is of the view that notwithstanding the Group cannot exercise its control over Thaisan Jiujiu, the Group nevertheless is able to meet the definition of significant influence as set out in HKAS 28 and it is appropriate to classify the investment in Thaisan Jiujiu as an associate and account for using equity method in accordance with HKAS 28.

The Management has given careful consideration to the Qualified Opinion and the basis of the qualification and has had ongoing discussion with the auditor of the Company when preparing the Group's consolidated financial statements for the year ended 31 December 2025. The Auditor considered that (i) the relevant legal procedures are still in progress, and therefore, the Auditor is unable to determine whether the Group is able to exercise significant influence over Thaisan Jiujiu in accordance with HKAS 28; and (ii) if the shareholders' meeting could be convened, the Group would possess sufficient voting power to exercise control over Thaisan Jiujiu. Therefore, the Auditor is unable to determine the appropriateness of the accounting treatment of the 52% equity interest in Thaisan Jiujiu as an interest in an associate and shareholder's loan to Thaisan Jiujiu as loan to an associate based on the current available information. The Auditor concluded that without sufficient evidence currently, no comprehensive analysis can be performed to determine the appropriate accounting treatment.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management considered the rights of the Group under the current circumstances are clearly described in the Legal Opinion and the assessment of “control” and “significant influence” shall be evaluated under two different accounting standards. For “control”, the assessment shall be made in accordance with *HKFRS 10 Consolidated Financial Statements*, which requires the Group to demonstrate its current unilateral ability to direct the relevant activities of the investment. Despite holding majority voting rights, the non-cooperation of the Recipients materially impairs the Group’s ability to exercise the control. On the other hand, for “significant influence”, the assessment shall be made in accordance with HKAS 28, which requires the Group to demonstrate its significant influence on the investment.

The Management is of the view that notwithstanding the Group cannot exercise its control over Thaisan Jiujiu, the Group nevertheless is able to meet the definition of significant influence as set out in HKAS 28 and it is appropriate to classify the investment in Thaisan Jiujiu as an associate and account for using equity method in accordance with HKAS 28, considering that the Group, being the majority shareholder in Thaisan Jiujiu, given that:

- (i) the Group had successfully convened the shareholders’ meeting of Thaisan Jiujiu in November 2025 with sufficient quorum; and
- (ii) the Group is able to exercise its majority voting rights to remove the old legal representative and/or appoint a new legal representative to Thaisan Jiujiu through a shareholders’ meeting, supported by the official reply from the Ministry of Industry and Commerce.

As advised by the Legal Opinion, the Group, being the majority shareholder of Thaisan Jiujiu, retains the legally enforceable rights under applicable Laos laws to direct the outcome of any matters requiring shareholders’ approval at shareholders’ meeting, which included important matters such as the appointment of directors, material assets transactions, mergers and dissolutions, given that at least more than half of the votes of those attending the meeting would be required. Any matters requiring shareholders’ resolution will be subject to the consent of the Group, which is demonstrated by the confirmation from the Ministry of Industry and Commerce regarding the validity of the recent shareholders’ meeting of Thaisan Jiujiu held in November 2025.

After taking into account the current circumstances as well as interpretations of relevant Laos Laws, the Management maintained its point of view that, in a nutshell, the Group cannot exercise control in the circumstances of the non-cooperation of the Recipients; and the Group’s significant influence in Thaisan Jiujiu is construed by relevant legal rights attached to its majority shareholding. Otherwise, the presumption of significant influence when an investor holds 20% or more of the voting power of the investee under HKAS 28 will generally be rebutted by default, and no minority shareholding in any investee can properly qualify as an associate. In light of the above, the Management considers it appropriate to classify the investment in Thaisan Jiujiu, which confers upon the Company rights and influence substantially better than any investor holding 20% or more voting power as is the case under the presumption of significant influence, as an associate in accordance with HKAS 28.

### Audit committee’s view on the qualified opinion

The Audit Committee has reviewed both the Legal Opinion and the Qualified Opinion and has held discussions with the Management and the Directors. The Audit Committee acknowledged that whilst the Group cannot currently exercise its control over Thaisan Jiujiu due to the non-cooperation of the Recipients, the rights and interests of the Group as a shareholder of Thaisan Jiujiu are governed and protected by the relevant Laos laws. Based on the Legal Opinion, the official reply from the Ministry of Industry and Commerce and the development of legal proceedings undertaken by the Group, and after careful consideration of the substantive voting power held by the Group, the statutory rights and interests conferred by the applicable Laos laws and the ability to influence policymaking processes, the Audit Committee has concluded that these factors collectively satisfy the criteria for “significant influence” as set out in HKAS 28. The Audit Committee, therefore, agreed the Management’s position, and the basis (including the matters involving substantial judgements) thereof, regarding the classification of the investment in Thaisan Jiujiu.

### The Company's proposed plans to address the Qualified Opinion

In March 2026, the Group received an official reply from the Ministry of Industry and Commerce which confirmed the validity of the Shareholders' Meeting resolutions and granted the Group the right to effect the change of legal representative and to obtain new enterprise certificate and company seal. After that, the Group submitted the application to the Ministry of Industry and Commerce for change of legal representative and obtained the new enterprise certificate on 9 April 2026. As advised by the Laos legal advisor, it is expected the Group will obtain the new company seal by the end of April 2026.

Upon completion of the above, the Group plans to, through the new legal representative take the following actions, including but not limited to:

- (i) collect and obtain all books and records, bank accounts, and financial information of Thaisan Jiujiu, including but not limited to accounting ledgers, contracts, bank account details (as well as change of signatories), and all historical financial statements;
- (ii) validate the data of all the books and records, ensuring its accuracy and completeness by cross-referencing to supporting evidence for material transactions;
- (iii) arrange an auditor to review and/or perform an audit on Thaisan Jiujiu;
- (iv) implement internal controls over financial and auditing reporting procedures; and;
- (v) appoint key management personnel for setting up operation and finance team, including employing qualified accounting and operation personnel for daily accounting and operational functions.

# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## Executive Director

### **Mr. Ng Ying Kit**

Aged 48, joined the Company as the vice president of the business development and corporate finance division in June 2014, and was appointed as an executive Director and the compliance officer of the Company in February 2015. He is mainly responsible for the business development and corporate finance function of the Group and holds directorships in various subsidiaries of the Company. Mr. Ng has more than 20 years of experience in corporate finance and investment banking and has considerable experience in mergers and acquisitions, debt and equity financing and corporate strategic planning. Prior to joining the Company, he held senior management position in a Hong Kong listed company overseeing corporate finance function. Mr. Ng graduated from the University of Hong Kong with a Bachelor's degree in Electrical and Electronic Engineering. Mr. Ng has been an independent non-executive director of TBK & Sons Holdings Limited (stock code: 1960), a company listed on the Main Board of the Stock Exchange, since October 2020.

## Non-executive Director

### **Ms. Kwong Pui Yin**

Aged 45, was appointed as a non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee on 26 November 2024. She joined the Company as a vice president since 2020 and has been participating in team management, resource allocation, business development, performance assessment, strategic planning and internal control management of the Company. Ms. Kwong has over 20 years of experience in corporate mergers and acquisitions, asset management, internal control management and business operation management. She obtained a master of business administration from the University of Northampton in March 2026. Ms. Kwong acted an independent non-executive director of Imperium Financial Group Limited (stock code: 8029), a company listed on the GEM of the Stock Exchange, during December 2024 to August 2025.

## Independent Non-executive Directors

### **Mr. Lee Wai Ming**

Aged 58, has been appointed as an independent non-executive Director of the Company since November 2020. He is the chairman of each of the Audit Committee and Nomination Committee. Mr. Lee had served as a professional accountant in the audit department in Deloitte Touche Tohmatsu for over 10 years. He had also served various senior positions at various private and listed companies (the shares of which have been listed on the Main Board and GEM of the Stock Exchange). He previously acted as the financial controller and company secretary in each of Dadi International Group Limited (stock code: 8130) and Go Up Education Technology Limited (stock code: 8269), both companies' shares are listed on the GEM of the Stock Exchange. Mr. Lee also acted as an independent non-executive director of Kelfred Holdings Limited (stock code: 1134) during June 2019 to August 2020, a company listed on the Main Board of the Stock Exchange and acted as an independent non-executive director of Evershine Group Holdings Limited (stock code: 8022) during January 2021 to February 2021, a company formerly listed on the GEM of the Stock Exchange. Mr. Lee has more than 25 years of experience in the field of accounting, corporate finance and management. He holds a Bachelor of Arts (Hons) degree in Accountancy from the Hong Kong Polytechnic University. Mr. Lee is a Certified Public Accountant in Hong Kong, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

## Independent Non-executive Directors (Continued)

### Mr. Chang Xuejun

Aged 55, was appointed as an independent non-executive Director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 17 March 2016. Mr. Chang was re-designated to the chairman from a member of the Remuneration Committee and the Nomination Committee on 22 January 2020 and he ceased to be the chairman and member of the Nomination Committee on 23 November 2020. Mr. Chang is a qualified lawyer in the PRC. He graduated from Northwest University of Political Science and Law in Xi'an City, the PRC in 1993. Mr. Chang has more than 30 years' legal experience. He had been working as a secretary and assistant judge at the Intermediate People's Court in Lanzhou City, Gansu Province, the PRC from August 1993 to May 1999. He has joined LI & PARTNERS Attorneys at Law in Shenzhen, the PRC as a lawyer since May 1999. Mr. Chang is currently the partner of LI & PARTNERS Attorneys at Law in Shenzhen, the PRC.

### Mr. Li Juhui

Aged 46, was appointed as an independent non-executive Director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 17 April 2024. Mr. Li has more than 10 years' experience in the finance industry. He worked for LC Securities Co., Ltd (聯儲證券有限責任公司) for seven years, during which he was the head of the asset management headquarter, the chairman of the project review committee (立項審核委員會) and a member of project determination committee (項目決策委員會) under non-standardised assets management business (非標準化資產管理業務), and a member of the assets management business committee (資產管理業務委員會). He was the head of trust business department of the Shanghai regional center (上海區域中心) of Everbright Xinglong Trust Co., Ltd (光大興隴信託有限責任公司) for two years. He worked for Anyang Investment Group Co., Ltd (安陽投資集團有限公司), a local government financing vehicle entity, for three years. Mr. Li holds a bachelor's degree in International Economics and Trade from Zhengzhou University (鄭州大學), a master's degree in Business Administration from Shanghai Jiao Tong University (上海交通大學) and a degree of Doctor of Business Administration in Global Financial Management from Arizona State University. Since September 2024, Mr. Li is the director and Responsible Officer of Target Securities International Limited, a licensed corporation under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

## Senior Management

### Ms. Cheng On Yi

Aged 35, the group financial controller and company secretary of the Company. She joined the Company and was appointed to the positions in July 2022. Ms. Cheng obtained a bachelor's degree in business administration from the City University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. Ms. Cheng has over 10 years of experience in finance, accounting and auditing listed companies in Hong Kong. Prior to joining the Company, Ms. Cheng serviced as a senior manager in an international audit firm.

### Mr. Wang Yun Lung

Aged 62, the financial director of Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited, the Company's indirect non-wholly owned subsidiary. Mr. Wang graduated from the Jilin Radio and TV University in the PRC in 1989 with major in financial accounting. Prior to joining the Group in August 2007, Mr. Wang served as financial controller in construction and technology development companies and has more than 25 years of experience in financial management.

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2025.

## Corporate Governance Practices

The Company is committed to enhancing shareholder value and safeguarding interests of shareholders and other stakeholders through maintaining high standard of corporate governance. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board focuses on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. The Company has complied with the applicable code provisions as set out in the CG Code during the year ended 31 December 2025 except for the following deviations:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the passing away of the former chairman and executive Director of the Company, and the resignation of chief executive officer of the Company, the Board does not have any chairman and chief executive officer. The duties and responsibilities of the Company's business are handled by the existing Directors and senior management of the Company so as to achieve the overall commercial objectives of the Company. The Company is looking for suitable person to fill the vacancy of the chairman and chief executive officer.

The corporate value of the Company is acting in lawful, ethical and responsible manner. All Directors act with integrity and promote the culture of integrity. Such culture instils and continually reinforces across the corporate values.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

## Board of Directors

The Company has adopted the Model Code as the required standard governing securities transactions by the Directors. The Company had made specific enquires to all the Directors and all the Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2025.

The Board is primarily responsible for guiding the management to ensure the interests of the shareholders of the Company are safeguarded, overseeing and supervising the management of the business affairs and the strategic development and overall performance of the Group. The Board sets the Group's purposes, values, strategy and culture, and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's financial reporting, compliance and corporate governance practices. Major corporate matters that are specifically delegated by the Board to the executive Directors and senior management of the Group including the preparation of annual and interim consolidated financial statements for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, day-to-day management and operations, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. Approval shall be obtained from the Board prior to any significant transactions being entered into by the senior management of the Group. While allowing management substantial autonomy to run and develop the business, the Board plays a key role in structuring and monitoring the reporting systems and internal controls.

### Board Members

During the year ended 31 December 2025 and up to the date of this annual report, the Board comprised the following Directors:

#### Executive Director

Mr. Ng Ying Kit

#### Non-Executive Director

Ms. Kwong Pui Yin

#### Independent Non-Executive Directors

Mr. Lee Wai Ming

Mr. Chang Xuejun

Mr. Li Juhui

There is no financial, business, family or other material/relevant relationship among the Directors.

Each of the Directors (including the non-executive Director and independent non-executive Director) has been appointed for a term of three years commencing from his/her respective date of appointment and is subject to rotation on retirement and re-election requirements at annual general meetings pursuant to the articles of association of the Company.

Details of the qualifications and experience of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report. All Directors have given sufficient time and attention to the affairs of the Group. Each Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

The Company had independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of the Shareholders. The Company has received an annual confirmation from each of the independent non-executive Directors, who acted in such capacities during the year ended 31 December 2025, on their respective independence pursuant to Rule 3.13 of the Listing Rules and the Company considered each of them to be independent.

## CORPORATE GOVERNANCE REPORT

### Board Independence

The Board has established mechanisms to ensure independent views and inputs from any Director are available to the Board for improving the effectiveness of decision making. The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination Committee and Remuneration Committee, to ensure their implementation and effectiveness:

- Three out of the five Directors are independent non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.
- The Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of existing independent non-executive Directors and their time commitments annually. All independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.
- External independent professional advice is available as and when required by individual Directors.
- All Directors are encouraged to express their views during the Board/Board Committee meetings.
- A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.

### Board Meeting

Details of the attendance record of the Board members during the year ended 31 December 2025 are as follows:

Directors	Number of board meeting attended/held	Board meeting attendance percentage	2025 AGM attended/held	2025 AGM attendance percentage
Mr. Ng Ying Kit	4/4	100%	1/1	100%
Ms. Kwong Pui Yin	4/4	100%	1/1	100%
Mr. Lee Wai Ming	4/4	100%	1/1	100%
Mr. Chang Xuejun	4/4	100%	1/1	100%
Mr. Li Juhui	4/4	100%	1/1	100%

*Note:*

- (1) The 2025 AGM were held on 22 August 2025 and no other shareholder meeting held during the year ended 31 December 2025.
- (2) All Directors attended the 2025 AGM either in person or by teleconference.

During the year ended 31 December 2025, the Board has held 4 meetings. Apart from four regular Board meetings each year, the Board met on occasions when a board-level decision on a particular matter was required. For regular Board meeting, a notice of the meeting is sent to all Directors at least 14 days before the intended date of meeting and an agenda and accompanying board papers of the meeting are sent to all Directors at least three days before the intended date of meeting. For all other Board meeting, a notice of the meeting together with an agenda and accompanying board papers of the meeting are sent to all Directors in reasonable time. All Directors are entitled to have access to board papers and related materials, have unrestricted access to the advice and services of the company secretary, and have the liberty to seek independent professional advice if so required. All Directors have direct access to the senior management of the Group and have unrestricted and immediate access to any information relating to the Company's business and affairs. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

All minutes of board meetings and board committee meetings are kept by the company secretary and are opened for inspection by any Director during normal office hours. Minutes of each board meeting and board committee meeting record in sufficient details the matters considered and decisions reached. Draft and final of minutes have been sent to all Directors for their comments and records within a reasonable time after the relevant meetings were held.

### Board Diversity Policy

The Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") and discussed all measurable objectives set for implementing the same. The Board will from time to time review this policy and monitor its implementation to ensure the continued effectiveness and compliance with regulatory requirements and good corporate governance practices. A summary of the Board Diversity Policy is set out below:

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

## CORPORATE GOVERNANCE REPORT

As at 31 December 2025, the Board composition under diversified perspectives is set out as follows:

	Number of Directors	Proportion of the Board
<b>Educational Background</b>		
Accounting or finance	1	20%
Business administration	2	40%
E&E Engineering	1	20%
Legal	1	20%
<b>Gender Diversity</b>		
Male	4	80%
Female	1	20%
<b>Age Group</b>		
41 – 45	1	40%
46 – 50	2	20%
51 – 55	1	20%
56 – 60	1	20%
<b>Length of Service</b>		
1 – 5 years	3	60%
6 – 10 years	2	40%

For the year ended 31 December 2025, the Company maintained an effective Board comprising members of different genders, professional backgrounds and industry experience, and met the requirements under Rule 13.92 of the Listing Rules relating to the board diversity requirement. As at the date of this annual report, the Board consists of one female and four male Directors. The Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy and was of the opinion that it is appropriate and effective as the Board consisted of members with diversified age, gender, cultural and education background, professional/business experience, skills and knowledge.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31 December 2025, the percentage of male and female in the workforce of the Group including senior management is approximately 83.3% and 17.6% respectively. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. Given the current gender composition of the workforce, the Board believes that a reasonable level of diversity has been achieved, and has therefore not set a quantitative gender ratio adjustment target.

## Appointment and Re-election of Directors

The Directors had received a comprehensive, formal and tailored induction on appointment regarding the Group's operation and business as well as the statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Nomination Committee and Remuneration Committee are responsible for assessing the candidate for appointment as Director and submit recommendation to the Board for consideration and approval.

In accordance with article 83(3) of the Second Amended and Restated Memorandum and Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the first general meeting of the Company after his/her appointment and shall then be eligible for re-election.

In accordance with article 84(1) of the Second Amended and Restated Memorandum and Articles, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, 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 of the Company at least once every three years.

The biographical details and performance of those Directors who are subject to re-election at the annual general meeting of the Company will be assessed by the Nomination Committee and Remuneration Committee and recommended to the Board to decide the tabling of the proposed re-election of Directors for shareholders' approval at the annual general meeting of the Company. To further enhance accountability, any re-election of an independent non-executive Director who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders at the annual general meeting of the Company.

## Directors' Insurance

The Company has arranged appropriate directors' and officers' liabilities insurance for the Directors and officers of the Company.

## Corporate Governance Functions

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

### Board Committees

The Board has established three Board Committees, being the Audit Committee, Nomination Committee and Remuneration Committee, for overseeing particular aspects of the Group's affairs. The Board has delegated to these Board Committees various responsibilities as set out in their respective terms of reference.

#### Nomination Committee

The Company established the Nomination Committee in September 2005. The terms of reference of the Nomination Committee are updated by the Board on 30 June 2025 for the purpose of complying with the revised CG code to be effective from 1 July 2025 and are available on the websites of the Company and of the Stock Exchange. As at 31 December 2025, the Nomination Committee comprised two INEDs, namely Mr. Lee Wai Ming (the chairman) and Mr. Li Juhui, and one NED, Ms. Kwong Pui Yin.

The role and function of the Nomination Committee include, among others, reviewing the structure, size, composition and diversity of the Board at least annually, assessing the independence of INEDs and the selection and recommendation on any proposed changes to the Board. In doing so, the Nomination Committee considered the past performance, the individual's qualification and, for INEDs, independence, as well as the general market conditions in selecting and recommending candidates for directorship.

#### Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee. The nomination process is conducted in accordance with the Director Nomination Policy and Board Diversity Policy, which set out the selection criteria and process and the Board succession planning considerations in relation to the nomination and appointment of the Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Nomination Committee will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and corporate governance practices.

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

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

## Board Committees (Continued)

### Nomination Committee (Continued)

During the year ended 31 December 2025, 1 meeting was held by the Nomination Committee which the following works were performed:

- (i) reviewed the structure, size, composition and diversity of the Board;
- (ii) made recommendations to the Board on the appointment or re-appointment of Directors;
- (iii) identified individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; and
- (iv) assessed the independence of independent non-executive Directors.

The attendance record of each member of the Nomination Committee during the year ended 31 December 2025 is as follows:

	<b>Number of the Nomination Committee meeting attended/held</b>	<b>Attendance percentage</b>
Mr. Lee Wai Ming ( <i>Chairman</i> )	1/1	100%
Mr. Li Juhui	1/1	100%
Ms. Kwong Pui Yin	1/1	100%

### Remuneration Committee

The Company has established the Remuneration Committee in September 2005. The terms of reference of the Remuneration Committee are available on the websites of the Company and of the Stock Exchange, it is consistent with the code provisions set out in the relevant section of the CG Code. As at 31 December 2025, the Remuneration Committee comprised two INEDs, namely Mr. Chang Xuejun (the chairman) and Mr. Li Juhui, and one NED, Ms. Kwong Pui Yin.

The role and function of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy for all Directors and senior management of the Company, the determination of the specific remuneration packages of executive Director, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and the making of recommendations of the remuneration of non-executive Director and independent non-executive Directors to the Board.

## CORPORATE GOVERNANCE REPORT

### Board Committees (Continued)

#### Remuneration policy for the Directors

The remuneration of the Directors is determined with reference to their expertise and experience in the industry, level of responsibility, efforts and time dedicated to the participation in the Group's affairs, the performance and profitability of the Group as well as remuneration benchmarks from other companies and prevailing market conditions. Executive Director also participates in bonus arrangement which is determined in accordance with the performance of the Group and the individual's performance. None of the Directors is entitled to determine his/her own remuneration package.

During the year ended 31 December 2025, 2 meetings were held by the Remuneration Committee which the following works were performed:

- (i) discussed and reviewed the existing policy and structure of the remuneration for the Directors and senior management of the Company;
- (ii) reviewed and recommended to the Board the remuneration packages for the executive Director and senior management of the Company;
- (iii) reviewed the Directors' fees; and
- (iv) made recommendations on the remuneration of the Directors to the Board and approved the terms of the service agreements and appointment letters.

The attendance record of each member of the Remuneration Committee during the year ended 31 December 2025 is as follows:

	<b>Number of the Remuneration Committee meeting attended/held</b>	<b>Attendance percentage</b>
Mr. Chang Xuejun ( <i>Chairman</i> )	2/2	100%
Mr. Li Juhui	2/2	100%
Ms. Kwong Pui Yin	2/2	100%

The Remuneration Committee had considered and reviewed service agreements and appointment letters of the Directors. It considered that the existing terms of service agreements and appointment letters of the Directors were fair and reasonable.

## Board Committees (Continued)

### Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Company and of the Stock Exchange. The primary duties of the Audit Committee are to review the financial information of the Group, to oversee the financial reporting system, risk management and internal control systems to ensure the integrity of the consolidated financial statements of the Group and the effectiveness of internal control and risk management systems of the Group.

As at 31 December 2025, the Audit Committee comprised three INEDs, namely Mr. Lee Wai Ming (the chairman), Mr. Chang Xuejun and Mr. Li Juhui. Among the INEDs, Mr. Lee Wai Ming possessed appropriate professional accounting and related financial management expertise in compliance with the requirements set out in Rules 3.10(2) of the Listing Rules.

The Audit Committee held 4 meetings during the year ended 31 December 2025 to review interim and annual financial results and reports, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the Group's internal audit function and scope of work and appointment of external auditors. Details of the attendance of the Audit Committee meetings during the year ended 31 December 2025 are as follows:

	<b>Number of the Audit Committee meeting attended/held</b>	<b>Attendance percentage</b>
Mr. Lee Wai Ming ( <i>Chairman</i> )	4/4	100%
Mr. Chang Xuejun	4/4	100%
Mr. Li Juhui	4/4	100%

During the year ended 31 December 2025, the Group's annual audited results for the year ended 31 December 2024 and unaudited interim results for the six months ended 30 June 2025 had been reviewed by the Audit Committee, which was of the opinion that the preparation of such results had complied with the applicable accounting standards and requirements and adequate disclosure had been made.

## CORPORATE GOVERNANCE REPORT

### Directors' Training

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. From time to time, the Directors are provided with written materials to develop and refresh their professional skills. The Directors had fulfilled the relevant requirements under C.1.4 of the CG Code during the year ended 31 December 2025.

Directors	Training
<b>Executive Director</b>	
Mr. Ng Ying Kit	✓
<b>Non-executive Director</b>	
Ms. Kwong Pui Yin	✓
<b>Independent non-executive Directors</b>	
Mr. Lee Wai Ming	✓
Mr. Chang Xuejun	✓
Mr. Li Juhui	✓

### Company Secretary

The Board approves the selection, appointment or dismissal of the company secretary. All members of the Board have access to the advice and service of the company secretary. The company secretary has day-to-day knowledge of the Group's affairs.

Ms. Cheng On Yi is the employee of the Company. The company secretary provided the training records to the Company, indicating that she had taken no less than 15 hours of relevant professional training during the year ended 31 December 2025 pursuant to Rule 3.29 of the Listing Rules.

### Remuneration of Independent Auditor

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. The fees received and receivable by the independent auditor of the Company in respect of audit and non-audit services for the year ended 31 December 2025 amounted to approximately HK\$720,000 and HK\$100,000 respectively (2024: audit service of approximately HK\$680,000).

## Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the year ended 31 December 2025 are set out in Note 14 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Profiles of Directors and Senior Management" in this annual report for the year ended 31 December 2025 by band is set out below:

Remuneration band	Number of individuals
Nil – HK\$1,000,000	1
HK\$1,000,001 – HK\$2,000,000	1

## Accountability and Audit

### Financial Reporting

The Board is committed to providing a balanced, clear and understandable assessment of the Group's financial position and performance in its annual reports, interim reports and other financial disclosures as required by regulatory authorities. The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year end. The Board, as assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Group's annual and interim consolidated financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these consolidated financial statements comply with accounting standards and regulatory requirements. The management of the Group provides sufficient explanation and information to the Board and Audit Committee to enable it to make an informed assessment of financial and other information put before it for approval.

### Directors' and Independent Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As at 31 December 2025, the Directors were not aware of any material uncertainties relating to events or conditions which might cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The reporting responsibilities of the external auditor of the Company are set out on pages 82 to 83 of this annual report.

### Risk Management and Internal Controls

The Board is responsible for maintaining sound and effective risk management and internal control systems (including ESG) for the Group, as well as reviewing the effectiveness of these systems. These systems are designated to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. These systems also safeguard the Group's assets, ensure proper maintenance of accounting records and reliability of financial reporting and compliance with operating procedures as well as relevant legislation and regulations.

The Company has not established an internal audit department and the Directors are of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professional firms to perform the internal audit function for the Group as the need arises.

The Board conducted a review and assessment of the effectiveness of the Group's risk management and internal control systems and procedures through the discussions with all the business segments heads, the management of the Group and members of the Audit Committee. The review covered financial, operational and compliance controls, which include fixed assets management, purchasing and payment cycle, inventory management, credit risk management and payroll handling, to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions as well as those relating to the ESG performance and reporting. The management of each business segment was responsible for its daily operations and identify, evaluate and manage of operational risks and implementation of mitigation measures for significant risk identified. Any identified risks and/or improvement recommendations were duly reported to the Audit Committee and the Board for them to assess the Group's risk controls, the effectiveness of the risk management system, and any material failings or weaknesses in the internal control system. This allows them to take appropriate actions to remedy any of these failings or weaknesses in a timely manner. All remedial actions will be regularly followed up where necessary to ensure that the failings and weaknesses have been duly addressed.

During the year ended 31 December 2025, the Group engaged an independent internal control advisory firm to review its internal control system and provide recommendations for improvement. The review covered the agreed scoping and planning areas, an assessment of the design of the internal control structure (including identifying key controls in place and determining the effectiveness of the design of those controls), and reporting to the Audit Committee with recommendations to address the findings, with the aim of enhancing the internal control of operational procedures, systems, and controls. The Board and the Audit Committee were of the view that the Group had no material internal control deficiencies and that its risk management and internal control systems were effective and adequate.

## Risk Management and Internal Controls (Continued)

### Dissemination of inside information

The Company is aware of its obligation under the SFO, the Listing Rules and the overriding principle that inside information should be announced on a timely manner and conducts its affairs in strict compliance with the applicable laws and regulations prevailing in Hong Kong. The Company has established disclosure mechanism regarding the procedures of identifying inside information and preserving its confidentiality until proper dissemination with the Board's approval through the electronic publication systems operated by the Stock Exchange and the Company.

### Anti-corruption policy and whistle-blowing policy

The Group adopts zero tolerance to corruption or any misconduct that is against the Group's interest and implements various measures in compliance with the relevant laws and regulations in relation to anti-corruption and anti-briber. In case any employee violates the Group's policy regarding anti-corruption, the Group will terminate its labour contract and transfer such case to the judicial authorities. All employees are required to avoid conflicts of interest by not conducting any illegal financial activities or other illegal activities, and report any situations that may involve conflict of interest with the Group, either directly or indirectly. There is also a whistle-blowing policy in place that provides a channel for employees to report suspected misconduct and prevents any malpractice or misconducts relating to bribery, extortion, fraud and money laundering that will happen in the Group. The management of the Group will take immediate action to investigate the issue. The Group endeavours to protect the whistle-blower from common concerns such as potential retaliation and is assured that their identity as a whistle-blower will be kept confidential.

## Constitutional Documents

There was no change to the constitutional documents of the Company during the year ended 31 December 2025. The second Amended and Restated Memorandum and Articles of Association is available on both the websites of the Company and of the Stock Exchange.

## Dividend Policy

The Company had a dividend policy. The Board has the discretion to declare and distribute dividends to the Shareholders after taking into account factors such as actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. The Company shall review the dividend policy on a regular basis or as required. The Directors do not recommend any dividend for the year ended 31 December 2025 (2024: Nil).

### Communications with Shareholders

The Company's shareholders' communication policy aims to ensure the Shareholders can have equal, regular and timely access to material information about the Company in order to maintain an on-going dialogue with the Shareholders and to enable the Shareholders to exercise their rights in an informed manner.

The Company's annual general meeting is one of the principal channels of communication with its Shareholders. It provides an opportunity for Shareholders to communicate directly with the Directors about the Group's performance and operations. Separate resolutions are proposed at annual general meeting for each substantial issue, including the approval of the consolidated financial statements, re-election and election of individual directors. The detailed procedures of conducting a poll are explained to Shareholders at the commencement of the meeting. To solicit and get feedback from Shareholders, the Company provides Shareholders with channels to express their views on matters affecting the Company including (i) Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited, for enquiries on shareholdings; and (ii) company secretary of the Company for direct questions, request for publicly available information and provide comments and suggestions.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy with Shareholders including steps taken at the Company's annual general meeting and the handling of queries received (if any) and considered that the shareholders' communication policy is effective.

### Shareholders' Rights

#### Convening extraordinary general meeting and putting forward proposals

Under the Second Amended and Restated Memorandum and Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company carrying the right of voting at general meetings of the Company, can require an extraordinary general meeting to be called for the transaction of any business specified in such requisition. The procedures for the Shareholders to convene and put forward proposals at an extraordinary general meeting are stated as follows:

- (1) The requisitionist(s) should sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company in Hong Kong, presently situated at 8/F, Hip Shing Hong Centre, No. 55 Des Voeux Road Central, Central, Hong Kong for the attention of the Board or the company secretary.
- (2) Where, within 21 days from the date of deposit of the requisition, if the Board fails to proceed to convene an extraordinary general meeting, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, as that in which meetings may be convened by the Board, and all reasonable expenses incurred by the requisitionist(s) as a result of such failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## Investors Relations

The Company has disclosed all necessary information to the Shareholders in compliance with the Listing Rules. Meetings are held with media and investors in due course. The Company also replies to enquiries from the Shareholders timely. The Directors host an annual general meeting each year to meet with the Shareholders and answer their enquiries.

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company to our principal of business at 8/F, Hip Shing Hong Centre, No. 55 Des Voeux Road Central, Central, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About this Report

The Group is committed to building an environmentally friendly corporation, while maintaining high quality standards in the production and sale of coal and minerals. The Group's coal-related operations are based in a strategic location, Inner Mongolia, which possesses one of the richest low-rank coal reserves in the People's Republic of China ("PRC"). Given the ongoing trends of industrialisation and urbanisation, the PRC is the largest producer and consumer of coal in the world; hence, it is important for the Group to raise awareness about the issues of increasing industrial pollution, climate change and social injustice. The Group considers social and environmental responsibilities as one of the core values in its business operations. The Group strives for greater sustainability and transparency, as well as creating products that foster a sustainable environment for future generations.

This Environmental, Social and Governance report ("**ESG Report**") summarises the Group's policies, strategies, performance, and targets in relation to sustainability.

## Reporting Period

The ESG Report covers the period from 1 January 2025 to 31 December 2025 ("**Reporting Period**" or "**FY2025**").

## Report Compilation Basis

This ESG Report is prepared according to the "Environmental, Social and Governance Reporting Code" ("**ESG Reporting Code**") under Appendix C2 of the Listing Rules of the Stock Exchange. The preparation, presentation and content of this ESG Report follow the principles of "Materiality", "Quantitative", "Consistency" and "Balance" set out in the ESG Reporting Code.

**Materiality:** A materiality assessment was conducted and reviewed annually to assess the relative importance of the Environmental, Social and Governance ("**ESG**") topics identified. Topics that are relevant and important to the operation of the Group and stakeholders must be covered in this ESG Report.

**Quantitative:** If the key performance indicators ("**KPI**") have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. Certain data of the ESG Report is extracted from the audited consolidated financial statements of the Company for FY2025 (prepared in accordance with the applicable Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations), while other data comes from the internal database of the Company and other relevant statistics. The standards and methodologies used in the calculation of KPI data, as well as the applicable assumptions are supplemented by explanatory notes.

**Balance:** The ESG Report should provide an unbiased picture of the Group's performance. The ESG Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.

**Consistency:** ESG data presented in this ESG report are prepared using consistent methodologies over time. Unless otherwise specified, the statistical methods or KPIs disclosed in this ESG Report are consistent with those in the ESG Report for the year ended 31 December 2024 ("**FY2024**") for comparison. If there are any changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided for the corresponding data.

### About this Report (Continued)

#### Scope of the ESG Report

This ESG Report covers the core business with significant environmental and social impacts, specifically the coal mining site in Inner Mongolia, PRC. The headquarters in Hong Kong and other subsidiaries offices in the PRC exhibit minimal environmental and social impacts; therefore, they are reflected only in the employment and training-related sections.

For corporate governance of the Group, please refer to the Corporate Governance Report in the 2025 Annual Report of the Company.

#### Board Statement and Governance Structure

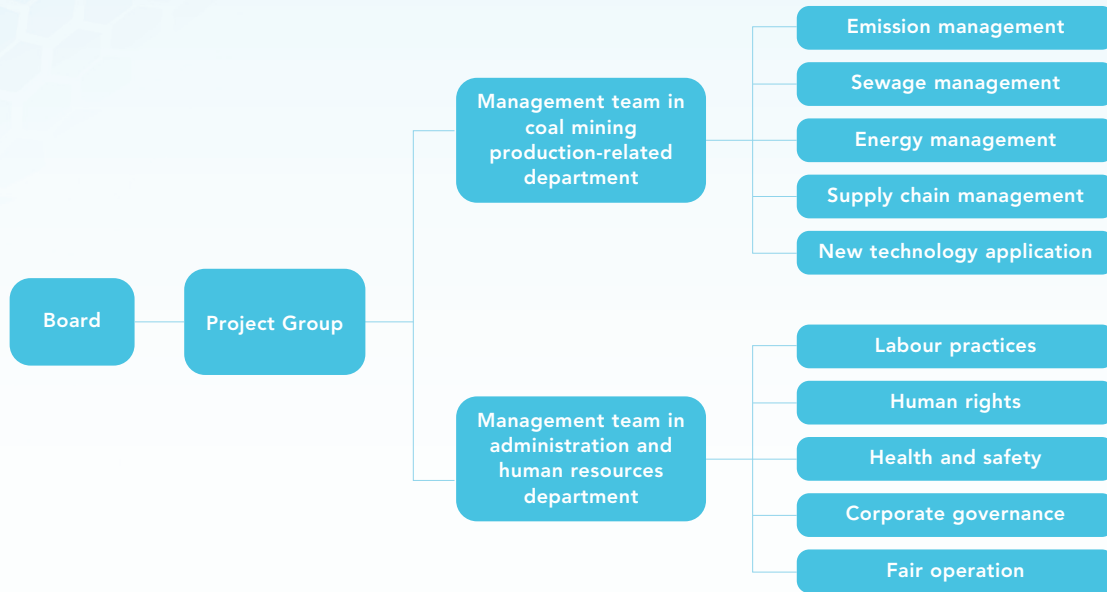
Coal mining operations are intrinsically linked to the ecological environment, as they involve the exploration of natural resources. The process of coal production requires significant amounts of water and energy, while also generating considerable coal dust and noise. The lifecycle of coal mining, ranging from exploration and development to processing, loading, transportation, and rehabilitation, has profound ecological and societal impacts. Acknowledging these impacts, the Group is committed to responsible environmental and social stewardship.

We recognise that achieving economic, environmental, and social sustainability is crucial for the long-term success of our business. Our sustainability guidelines outline the principles and actions necessary for ethical and sustainable operations. We are also dedicated to maintaining a robust ESG governance structure. The Board is fully responsible for sustainable development matters and their integration with the Group's strategy. Board members possess the necessary skills, experience, and knowledge to effectively oversee the Group's ESG issues. The Board is responsible for ensuring the effectiveness of the Group's risk management and internal controls, reviewing the materiality of ESG issues, relevant targets and performance, as well as approving disclosures in the ESG reports.

The Board guides the establishment of the Group's Sustainability Project Group (the "**Project Group**"), whose members are required to have the necessary knowledge and experience related to ESG issues. It is responsible for monitoring progress toward the established targets, identifying and assessing the Group's ESG risks, and formulating and implementing related policies and measures. Additionally, it assists the Board in identifying and prioritising ESG matters through materiality assessments and in preparing the ESG reports. The operation management team initiates, promotes and monitors sustainable development practices within their respective departments and is responsible for collecting and analysing relevant ESG data. The Project Group is required to hold at least one meeting each year to discuss the Group's ESG performance and report its findings and recommendations to the Board at least once a year.

## About this Report (Continued)

The Group’s governance structure for its sustainability matters is as follows:



## Stakeholder Engagement

The Group believes that understanding the views of stakeholders lays a solid foundation for its long-term growth and success. The Group has a wide network of stakeholders, including employees, customers, suppliers and business partners, investors, government and local community.



## About this Report (Continued)

### Stakeholder Engagement (Continued)

The Group develops multiple channels for the stakeholders, summarised in the following table, which provide opportunities for them to express their views on the Group’s sustainability performance and future strategies. To reinforce mutual trust and respect, the Group is committed to maintaining enduring communication channels, both formally and informally, with stakeholders to enable the Group to better shape its business strategies in response to their needs and expectations, anticipate risks and strengthen key relationships. The information collected through different communication processes serves as an underlying basis for the structure of this ESG Report.

Stakeholders groups	Engagement channels	Possible concerns
Investors	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Regular corporate publications including financial reports</li> <li>• Circulars and announcements</li> <li>• Corporate website</li> <li>• Meetings and responses to phone and written enquiries</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategies and sustainability</li> <li>• Financial performance</li> <li>• Corporate governance</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Direct communication</li> <li>• Emails</li> <li>• Business meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Services quality and reliability</li> <li>• Customers information security</li> <li>• Business ethics</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Appraisals</li> <li>• On-the-job coaching</li> <li>• Trainings</li> <li>• Internal memorandum</li> <li>• Human resources manual</li> <li>• Exit interview</li> </ul>	<ul style="list-style-type: none"> <li>• Training and development</li> <li>• Employee remuneration</li> <li>• Rights and benefits</li> <li>• Working hours</li> <li>• Occupational health and safety</li> <li>• Equal opportunities</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Tendering for procurement of products or services</li> </ul>	<ul style="list-style-type: none"> <li>• Fair competition</li> <li>• Fulfilment of promises</li> <li>• Payment schedule</li> </ul>
Government and other regulatory authorities	<ul style="list-style-type: none"> <li>• Statutory filings and notification</li> <li>• Regulatory or voluntary disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with law and regulations</li> <li>• Treatment of inside information</li> <li>• Co-operation with enquiries</li> </ul>
Local community	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Donations</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Fair employment opportunities</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### About this Report (Continued)

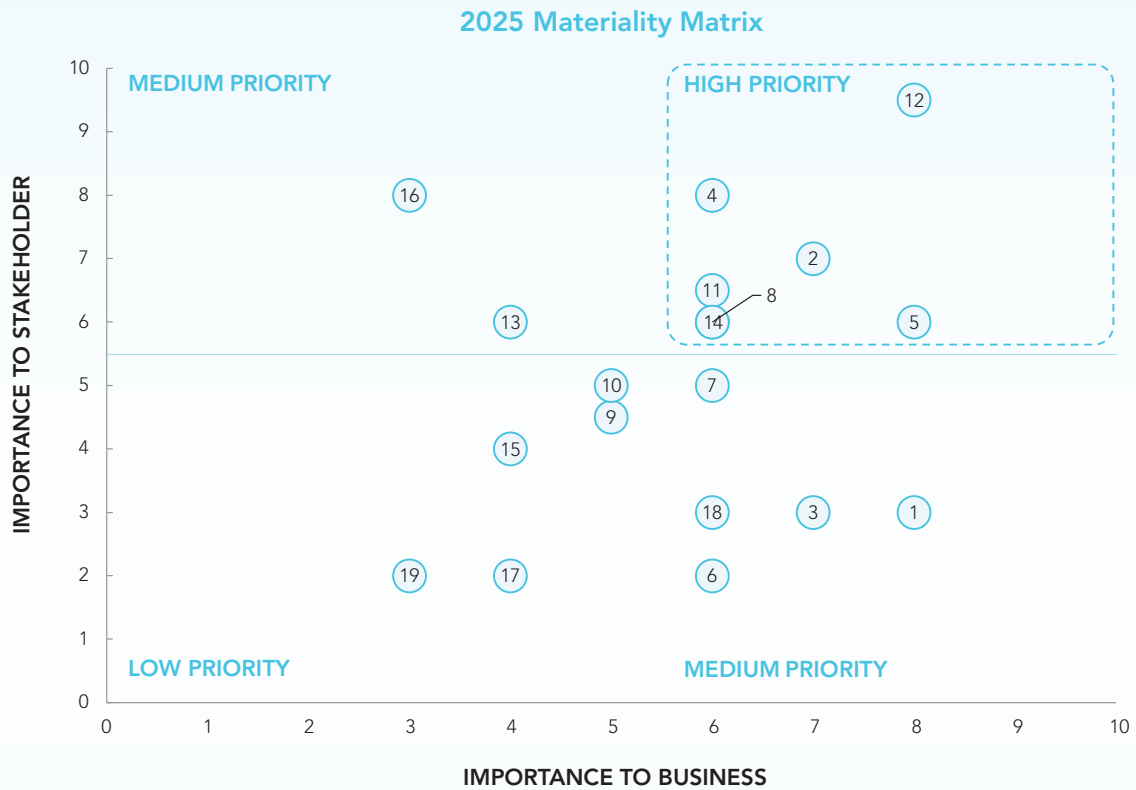
#### Materiality Assessment

The Group has maintained close communication with the stakeholders since its listing on the Stock Exchange. Through ongoing discussions and direct communications with the stakeholders, the Group understands the main concerns and material issues that matter most to the stakeholders. The Group strives to review these issues from time to time to achieve continuous improvement and sustainable business development. Based on stakeholder feedback and the ESG Reporting Code, the Group has identified the following material ESG issues:

ESG aspects set out in the ESG Reporting Code			Material ESG issues for the Group	
A.	Environmental	A1.	Emissions	1. Air Emissions
		A2.	Use of Resources	2. Greenhouse Gas ("GHG") Emissions
		A3.	The Environment and Natural Resources	3. Waste Management
Part D: Climate-related disclosures	Climate Change			4. Energy Consumption
				5. Water Consumption
B.	Social			6. Paper Consumption
		B1.	Employment	7. Environmental Risk Management
		B2.	Health and Safety	8. Climate-related Risks and Opportunities
		B3.	Development and Training	9. Human Resources Practices
		B4.	Labour Standards	10. Employment and Remuneration Policies
		B5.	Supply Chain Management	11. Equal Opportunities
		B6.	Product Responsibility	12. Employees' Health and Workplace Safety
		B7.	Anti-corruption	13. Employee Development
		14. Anti-child and Forced Labour		
		15. Supplier Practices		
		16. Goods/Services Quality and Customer Satisfaction		
		17. Protection of Customer Privacy		
		18. Anti-corruption and Anti-money Laundering		
		19. Community Investment		

## About this Report (Continued)

### Materiality Assessment (Continued)



The Group has conducted a materiality assessment to determine the importance of each issue for the Group’s business and its stakeholders. Priorities are established based on both management’s perspective and stakeholder feedback. A two-dimensional materiality matrix has been developed as described above, highlighting the following issues that are of high priority for both stakeholders and the Group.

Number	Topics
12	Employee’s Health and Workplace Safety
4	Energy Consumption
2	GHG Emissions
5	Water Consumption
11	Equal Opportunities
14	Anti-child and Forced Labour
8	Climate-related Risks and Opportunities

### About this Report (Continued)

#### Comment and Feedback

The Group welcomes stakeholders to share their enquiries or opinions on the Group's sustainability issues via:

Address: 8/F, Hip Shing Hong Centre, No. 55 Des Voeux Road Central, Central, Hong Kong  
Telephone: (852) 2831 9905  
Fax: (852) 2838 0866  
E-mail address: ir@grandocean65.com

Going forward, the Group will endeavour to improve its current policies, strengthen communications with the stakeholders, strive to enhance the stakeholders' value and achieve a mutually beneficial outcome.

### A. Environmental

Recognising the environmental impact of coal mining, the Group is dedicated to reducing emissions, enhancing energy and water efficiency, and conserving ecological resources. Effective management of these issues is essential for maintaining sustainable coal production.

The management team plays a crucial role in executing and overseeing environmental plans and programmes. They identify possible measures to mitigate the adverse impacts of the Group's operations on the environment and ensure the timely submission of reports to relevant authorities, as well as obtaining necessary licences and permits. Geological and mining specialists also play a vital role in the decision-making and planning processes, focusing on the adoption of sustainable and greener practices.

With a robust set of environmental policies, the Group actively minimises potential adverse impacts from its activities while preserving natural resources. We conduct regular monitoring and assessment of our coal production activities to ensure compliance with national standards, focusing on key areas such as noise, water quality, dust, and ecological restoration. The insights gained from these monitoring efforts inform our strategies for further reducing environmental impacts. By implementing effective environmental management practices, the Group can enhance resource recovery efficiency, produce cleaner coal, and improve overall operational effectiveness. This approach not only boosts profitability but also strengthens the Group's reputation and competitiveness in the market.

During the Reporting Period, the Group strictly complied with local environmental laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to:

- The Coal Law of the PRC (中華人民共和國煤炭法);
- The Mineral Resources Law of the PRC (中華人民共和國礦產資源法); and
- The Provisions on the Protection of the Geologic Environment of Mines (礦山地質環境保護規定).

## A. Environmental (Continued)

### A1. Emissions

The coal mining operation and activities of the Group inevitably generate various kinds of emissions, including GHG, coal dust, sewage and noise. The Group strives to minimise these emissions and takes practical measures to comply with the relevant laws and regulations relating to environmental protection.

#### 1. Air Emissions

Coal dust is the main air emission from the Group's coal mining operations. The heavy metal elements contained in the coal dust are harmful to health, and its explosive nature poses a potential risk of fire and explosion at the mine site. Therefore, the Group has established and implemented strict policies and measures for dust control, aiming to reduce the amount of dust generated in the vicinity of the mine site and along the coal haul road, in accordance with the Group's dust generation management plan.

During the Reporting Period, the Group's dust prevention measures include but are not limited to:

##### *I. Operation of environmental facilities*

Using storage facilities that hold non-combustible ingredients of coal and the ash trapped by equipment designed to reduce air pollution;

##### *II. Construction methodology of mine haulage roads*

Enhanced the roads using carefully selected dust-suppressing materials to reduce the propensity for dust generation;

##### *III. Water sprinkler system*

Regularly spray-treated wastewater during various stages of the coal handling process and on the haulage and mine roads;

##### *IV. Maintenance of dedicated facilities for dust reduction*

Utilise the special wire fence surrounding the coal stockpile in order to reduce wind speed and dust dispersion in the area;

##### *V. Transport coal in covered trucks*

Always apply temporary covers to control dust movement from the site to the surrounding area; and

## A. Environmental (Continued)

### A1. Emissions (Continued)

#### 1. Air Emissions (Continued)

##### VI. Speed limits enforcement

Set the speed limits for heavy machinery and light trucks during coal transportation.

Given the fugitive nature of coal dust, the Group is not able to provide an exact measurement of the total emission of coal dust. Nevertheless, the Group appointed an independent qualified expert to measure air quality at the mine site on a regular basis. Based on the latest environmental inspection report issued in December 2025, sulphur oxides (“**SOx**”) and total suspended particulate (“**TSP**”) emissions met the requirements of the Integrated Emission Standard of Air Pollutants (大氣污染物綜合排放標準), indicating that coal dust is well controlled and has not caused any apparent deterioration in air quality at the mine site.

Air emissions, including nitrogen oxides (“**NOx**”), SOx and particulate matter (“**PM**”) also originate from the Group-owned passenger cars and other mobile machines. To reduce fuel consumption, the Group prioritises cleaner energy sources by replacing liquefied petroleum gas (“**LPG**”) with methanol and promoting the procurement of hybrid and new energy vehicles. Employees travelling over 100 km for business are encouraged to use public transportation unless exceptional circumstances arise.

We have updated our target to reduce NOx emissions per thousand tonnes of coal produced by 25% by the financial year ending 31 December 2050, using FY2025 as a baseline. Due to the replacement with an electric car to the Group and a longer Chinese New Year holiday, the intensity of NOx emissions decreased slightly from approximately 0.71<sup>1</sup> kg/thousand tonnes of coal produced in FY2024 to approximately 0.70 kg/thousand tonnes of coal produced in FY2025. In progress towards achieving the target, the performance summary of air emissions is as follows:

Type of air pollutants <sup>1</sup>	Unit	FY2025	FY2024
NOx	kg	610.7	638.0 <sup>2</sup>
SOx	kg	3.9	4.2
PM	kg	44.0	46.0 <sup>2</sup>

Note(s):

- The air emission data are calculated based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange.
- The data has been restated with enhanced data collection systems.

## A. Environmental (Continued)

### A1. Emissions (Continued)

#### 2. GHG Emissions

The principal GHG emissions of the Group were energy indirect GHG emissions (Scope 2) generated from purchased electricity, followed by direct GHG emissions (Scope 1) resulting from fuel consumption by vehicles, machinery, and catering services. We have updated our target to better align with our business plan reduce total GHG emissions per thousand tonnes of coal produced by 15% by the financial year ending 31 December 2030, using FY2025 as a baseline. To achieve the target by mitigating GHG emissions, the Group has implemented measures to reduce energy consumption, as detailed in the sections headed "Air Emissions" under aspect A1 and "Energy Efficiency" under aspect A2.

During the Reporting Period, the intensity of total GHG emissions increased slightly compared to FY2024 due to the amount of coal produced being reduced in FY2025. In progress towards achieving the target, the performance summary of GHG emissions is as follows:

Type of GHG emissions <sup>3</sup>	Unit	FY2025	FY2024
Scope 1 (Petrol, diesel and methanol)	tonnes of carbon dioxide equivalent ("tCO <sub>2</sub> e")	725.2	779.7
Scope 2 (Purchased electricity)	tCO <sub>2</sub> e	10,000.3	9,968.5
Scope 3 (Category 6: Business travel)	tCO <sub>2</sub> e	6.5	N/A
Total	tCO <sub>2</sub> e	10,732.0	10,748.2
Intensity <sup>4</sup>	tCO <sub>2</sub> e/thousand tonnes of coal produced	12.34	11.92

Note(s):

- 3 GHG emissions data are calculated based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the global warming potential values from the "Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report", "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange, Carbon Emissions Calculator from International Civil Aviation Organisation, "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Chemical Production Enterprises (Trial Implementation)" and the regional electricity grid emission factors outlined in the "Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors" issued by the Ministry of Ecology and Environment of the PRC.
- 4 During FY2025, approximately 870,000 (FY2024: 902,000) tonnes of coal were produced. Unless otherwise specified, this data is used to calculate intensity metrics to reflect the actual situation.

## A. Environmental (Continued)

### A1. Emissions (Continued)

#### 3. Noise Emission

There are various sources of noise typically associated with the Group's coal mining operation, which includes dump trucks, and large earth-moving equipment such as excavators and coal transportation trucks. Blasting activities, which cause ground vibration as well as overpressure, may be felt or heard by its neighbouring communities on occasion. The Group understands and acknowledges that noise and vibrations can impact the communities and takes constructive measures to mitigate the potential impacts. A noise management plan has been carried out according to the Group's regular assessments of noise and vibration sources and conditions. The following measures have been implemented by the Group for noise control:

- Cooperating with suppliers to install noise control treatment on mining equipment which aims to control and reduce noise emissions;
- Conducting regular maintenance of machinery to ensure it operates with minimal noise; and
- Performing blasting only when weather conditions are deemed favourable.

#### 4. Waste Management

The waste generated by the Group's operation mainly consists of waste gangue (矸石), sludge and domestic waste. Waste gangue and sludge are hazardous wastes that pose risks to human health. During coal mining operations, the disposal of hazardous waste is minimised as most waste is reused. As a result, the Group is unable to provide an exact figure for the amount of hazardous waste generated during operations, and thus, no quantitative targets have been established for hazardous waste. However, the Group is committed to implementing best practices to reduce the generation of waste gangue by ensuring that all engineering activities are conducted within the coal seams. We also handle waste responsibly by employing the following treatment methods:

Types of solid wastes	Waste processing treatments
Waste gangue	Either used in paving or sold externally
Sludge	Either used for green fertilisation or disposed of after composting
Domestic waste	Buried or burnt at the designated rubbish disposal area permitted by the local authorities

## A. Environmental (Continued)

### A1. Emissions (Continued)

#### 4. Waste Management (Continued)

During the Reporting Period, the Group generated approximately 390.0 (FY2024: 400.0) tonnes of non-hazardous domestic waste, with an intensity of approximately 0.89 (FY2024: 0.90) tonnes per the average number of employees at the beginning and end of the Reporting Period.

After undergoing precipitation, filtering, sterilisation and other sewage treatment processes, the sewage generated can be reused for purposes such as dust reduction through sprinkling, irrigation or use in power plants. According to the latest environmental inspection report, the sewage discharged by the Group met the Integrated Wastewater Discharge Standard (污水綜合排放標準).

Types of liquid discharged	FY2025	FY2024
Industrial sewage	25,104.0	23,289.0
Domestic sewage	4,902.0	5,136.0

### A2. Use of Resources

The Group's operations require the use of energy, water and paper. We have clearly identified the resources used in its operations and have implemented measures to conserve them. This includes establishing resource management plans, using energy-efficient appliances and equipment, and enhancing resources recycling in mining activities to promote resource efficiency. Due to the nature of the business, the Group's business does not involve the use of packaging materials.

#### 1. Energy Consumption

The Group's coal mining operations consume a significant amount of electricity due to a high degree of automation and mechanisation. As a result, electricity represents one of the major operating costs for the Group, and the stability of the electricity supply is crucial to its daily operations. The high level of electricity consumption also contributes to significant indirect GHG emissions, as mentioned earlier.

To minimise the impact of electricity consumption on both business operations and the environment, the Group has established an operation control system for power supply and has implemented measures to achieve additional energy savings and reduce emissions. Regular inspections are also carried out to ensure smooth operating procedures.

### A. Environmental (Continued)

#### A2. Use of Resources (Continued)

##### 1. Energy Consumption (Continued)

The responsibilities of the Group's management team include but are not limited to:

- Investigating corporate policies with respect to energy saving;
- Examining the efficiency of energy supply and the cost/benefits of upgraded equipment;
- Promotion of corrective and preventive actions; and
- Regularly educating relevant departments on energy conservation.

The methods and types of energy consumption during the mining production process can vary, making it challenging to quantify consumption targets for different energy uses. As a result, no specific targets were set for energy management. However, the Group has actively implemented the following initiatives to ensure a stable electricity supply and promote energy saving:

- Reducing ventilation resistance during tunnel driving (巷道掘進) using methods such as shotcrete-bolt supporting (錨噴支護);
- Prioritising the use of machines and equipment with high energy efficiency;
- Increasing the power factor (功率因數) in the Group's electrical substation to enhance voltage compensation;
- Centralising heating supply from the power station to avoid energy wastage;
- Scheduling mine drainage during non-peak hours of electricity consumption to reduce the risk of operation suspension caused by electricity shortage; and
- Operating the underground transport belts centrally to avoid unnecessary idling of equipment.

## A. Environmental (Continued)

### A2. Use of Resources (Continued)

#### 1. Energy Consumption (Continued)

We also encourage employees to adopt green office practices, such as turning off all electrical appliances after working hours. Additional measures related to direct energy consumption can be found in the section headed "Air Emissions". During the Reporting Period, the intensity of total energy consumption increased compared to FY2024 due to the increased usage of warming devices during FY2025. The performance summary of the Group's energy consumption is as follows:

Type of energy	Unit	FY2025	FY2024
Direct energy consumption <sup>5</sup>	MWh	<b>2,823.3</b>	3,033.3
Diesel	MWh	<b>1,753.4</b>	1,869.9
Petrol	MWh	<b>1,026.9</b>	1,120.2
Methanol	MWh	<b>43.0</b>	43.2
Indirect energy consumption	MWh	<b>15,721.2</b>	14,711.5
Electricity	MWh	<b>15,721.2</b>	14,711.5
Total	MWh	<b>18,544.5</b>	17,744.8
Intensity	MWh/thousand tonnes of coal produced	<b>21.32</b>	19.67

Note(s):

5 The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency and the "General Rules for Calculation of the Comprehensive Energy Consumption (GB T 2589-2020)" issued by the State Administration for Market Regulation and Standardisation Administration of the PRC.

#### 2. Water Consumption

Water is one of the most consumed resources by the Group in its coal mining operation. As water is a precious commodity, especially in Inner Mongolia, the Group is committed to ensuring responsible water management. A comprehensive water management solution has been implemented to provide guidance to the management, employees and contractors regarding the use and reuse of water. Water saving and reuse are the Group's major directions regarding water resources. There were no issues in sourcing water that is fit for purpose.

To promote water saving, effective production methods and instruments have been adopted to enhance water efficiency. Water quality is also under inspection to prepare for the proposed installation of water-saving facilities. The Group also regularly monitors water readings to ensure no hidden leakage. At the same time, hoses and pipes are checked regularly for leaks, cracks and other damage, and repairs are made in a timely manner. In addition, the Group makes use of pit water to reduce the usage of fresh water. After water treatment such as filtering and sterilisation, the pit water will be used for firefighting, dust reduction through spraying, irrigation and the power station.

## A. Environmental (Continued)

### A2. Use of Resources (Continued)

#### 2. Water Consumption (Continued)

With the expansion of mining areas and variations in regional precipitation, it is difficult to accurately estimate the volume of mine water production, making it challenging to set corresponding water management targets. During the Reporting Period, the intensity of total water consumption decreased compared to FY2024, mainly due to the longer Chinese New Year holiday and the implementation of more stringent water usage regulations in FY2025. The performance summary of the Group's water consumption is as follows:

Water consumption	Unit	FY2025	FY2024
Total	m <sup>3</sup>	<b>72,954.0</b>	102,824.0
Intensity	m <sup>3</sup> /thousand tonnes of coal produced	<b>83.86</b>	114.00

#### 3. Paper Consumption

The Group also consumes paper for daily operations. During the Reporting Period, the Group recorded a consumption of approximately 611.7 kg of paper, which increased slightly when compared to 598.5 kg of paper in FY2024. As a responsible corporate, the Group values paper conservation and regularly monitors office paper usage. We promote paperless offices by encouraging employees to reduce unnecessary paper use, including utilising double-sided printing and e-communication channels.

### A3. The Environment and Natural Resources

#### 1. Mining and surface subsidence

In general, coal mining operations may have adverse impacts on the ecological environment. The Group adopts the underground mining method (井工開採) to exploit the coal mine, which involves roadway development in the mine. This process may alter the original geological structure of the mine and its surroundings, potentially resulting in the formation of a large area of goaf (採空區) beneath the surface. The presence of goafs will cause gradual surface subsidence that destroys the original landscape and vegetation, resulting in desertification and soil erosion.

Given the local terrain characteristics and differences in elevation, the Group anticipates an extended formation period for surface subsidence with a limited affected area. Besides, barrier pillars (煤柱) will be retained during the mining process to mitigate the impact of surface subsidence. In line with our principles of environmental stewardship, community partnership and commitment to sustainability, we recognise the impact of our operating activities on the land adjacent to our coal mine. We are eager to engage in constructive dialogue to reach an appropriate settlement that fairly compensates for any disruption caused.

## A. Environmental (Continued)

### A3. The Environment and Natural Resources (Continued)

#### 1. Mining and surface subsidence (Continued)

In response to the requirement of the local government, the Group has also implemented greening initiatives in the managed mining area. The Group carried out trimming and cladding of the dumping field (排土區), then seeded it with Sea Buckthorn saplings (沙棘樹苗) and provided watering to ensure their growth. This helps to protect the soil and enhance ecological restoration. The survival rate of the plants meets the government requirement. The Group will continue to communicate and collaborate with the government regarding environmental issues.

#### 2. Mining efficiency

As coal is a non-renewable energy source, the Group strives to reduce waste in coal resources. As a mining company, it is the Group's social responsibility to enhance mining efficiency. The Group strictly follows the extract recovery rate requirements set by the government. Any mining operations or activities that reduce the extract recovery rate without an adequate reason are prohibited. Disposal of coal is also forbidden, and any offenders will face severe penalties.

## Climate Change

Climate change poses escalating risks and challenges to the global economy, which may inevitably extend to the coal mining industry. In response to growing community concerns about climate change and related issues, the Project Group has evaluated and recognised the impact of climate-related risks on the Group's business, as well as the corresponding opportunities. The Group strives to gradually comply with the enhanced climate-related disclosure requirements under the new ESG Code regarding climate-related risks exposed and climate-related opportunities available. To this end, the Group has begun to enhance its climate disclosures following the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

### Governance

The Board has ultimate responsibility for overseeing climate-related risks and opportunities as part of its broader ESG responsibilities. It ensures the appropriate skills and competencies are maintained to manage these issues through a combination of relevant expertise, ongoing training, and, where necessary, the engagement of external consultants. The Board will hold a meeting at least once a year to review climate-related risks and opportunities. The Group integrates these risks and opportunities into its strategy development, business planning, and daily operations. They are identified through regular materiality assessments and risk review processes. Consistent with its approach to other material risks, the Group applies established risk management and internal control frameworks to assess and address these issues, with the Project Group oversight and regular reporting to the Board.

The Project Group delegated by the Board comprising members from different departments, is responsible for reviewing climate-related targets annually, based on the Group's operations and development. Currently, the Group has established a medium-term target for GHG emissions. To strengthen its climate commitments, it will continue assessing the feasibility of setting a carbon neutrality target as part of its transition plan.

### A. Environmental (Continued)

#### Climate Change (Continued)

##### Governance (Continued)

Currently, climate-related performance metrics are not included in the Group's remuneration policies. The Group will continue to monitor developments in this area to guide the potential future integration of such metrics.

Climate-related issues are delegated to the Project Group, which serves as the Group's internal coordinator and is responsible for planning, implementing, and integrating climate-related considerations into the Group's strategic approach, as well as monitoring performance against climate-related targets and related action plans. To support oversight, relevant functions provide inputs to the Project Group within their respective areas of responsibility. The Project Group consolidates these inputs for internal reporting and informs the Board of any material climate-related issues and developments annually. The Project Group regularly reviews relevant controls and procedures to ensure their effectiveness.

##### Strategy

The Group has assessed the time horizons for its risks and opportunities, in order to prioritise those that will be faced by the Group in the recent time frame. The time horizons are determined by the Project Group with alignment with the business development of the Group and the climate ambition for achieving carbon neutrality by the PRC government in 2060.

Short term: 1-3 years

Medium term: 2030 and onward

Long term: 2060 and onward

The majority of the Group's operations are located in Inner Mongolia, thus the Group's risks and opportunities are mostly located in Inner Mongolia. With reference to the risk categorisation by the International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosures published by the International Sustainability Standards Board ("ISSB"), the Group's identified climate-related risks and opportunities and corresponding management actions are as follows:

## A. Environmental (Continued)

### Climate Change (Continued)

#### Strategy (Continued)

Risk/ Opportunity	Time horizon	Description	Measures
Physical Risk	Short- to Medium-term	The Group's main operations in Inner Mongolia face risks from increasingly frequent extreme weather events—such as droughts, floods, temperature extremes, heavy summer rainfall, and severe winters with excessive snow. Extreme heat, cold, and fluctuating temperatures reduce production equipment efficiency, as many machine components are not designed for such conditions. Severe weather also causes flooding, property damage, transportation challenges, and supply chain disruptions, adversely affecting daily operations and logistics. Such events also pose risks to the environment, employee safety, and public wellbeing, leading to higher operational and maintenance costs, increased insurance premiums, and reduced profitability.	<p>To manage these climate-related risks, the Group plans to implement extreme weather monitoring and early warning systems. Tailored disaster response plans will be developed based on local conditions, supported by regular emergency drills and employee training to enhance preparedness. The Group will also maintain adequate stocks of disaster prevention materials.</p> <p>In response to heavier rainfall during the rainy season, the Group has introduced an emergency response plan and site drainage system under its Work Safety Guidelines to safeguard personnel and facilities. Additionally, the Group allocated budgets for conducts regular inspections and upgrades to production facilities, including the installation of weather-resistant equipment to strengthen disaster resilience.</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A. Environmental (Continued)

#### Climate Change (Continued)

##### Strategy (Continued)

Risk/ Opportunity	Time horizon	Description	Measures
Transition Risk	Medium-term	To achieve sustainable development, governments worldwide are implementing climate-related legislation and tightening regulations to support the global decarbonisation vision. For instance, the PRC government has committed to reaching “peak carbon emissions by 2030 and carbon neutrality by 2060,” introducing a series of policies aimed at transforming the coal industry. In addition, starting in 2025, the Stock Exchange will implement climate-related disclosure requirements based on IFRS S2 Climate-related Disclosures. Driven by national and regional policies, the Group may encounter carbon emissions restrictions, potentially leading to increased compliance and operational costs. Failure to meet compliance requirements and proactively address climate-related risks could expose the Group to reputational risks. Furthermore, rising demand for low-carbon transformation and energy-saving equipment is likely to increase costs for technological innovation and research and development.	To mitigate the impact of these policies, we will regularly monitor existing and emerging climate-related trends and regulations, enhance communication with regulatory bodies, timely adjust our risk management strategies, and improve the transparency of our climate-related disclosures. These efforts will help maintain a positive corporate image and avoid reputational issues stemming from slow responses. Furthermore, the Group will actively promote green and low-carbon transformation, increase investments in technological innovation, and explore development opportunities in low-carbon and energy-saving technologies (such as renewable energy, hydrogen, energy storage solutions, and carbon capture, utilisation, and storage (“CCUS”) technologies) to reduce carbon emissions and gain both reputational and competitive advantages.
Opportunity	Medium- to long-term	While identifying climate-related risks, the Group also recognises opportunities arising from the transition to a low-carbon economy. By proactively addressing climate change, the Group can strengthen its reputation for responsible and sustainable development, attract environmentally conscious stakeholders, and enhance overall brand value.	The Group will monitor market trends to enhance the profitability of new energy-saving technologies and strengthen its reputation. It will also expand its supplier base and reinforce supplier management to improve supply chain stability and resilience.

## A. Environmental (Continued)

### Climate Change (Continued)

At present, the Group is still under research for a comprehensive climate transition plan, as sufficient information to formulate such a plan is not yet available. The Group will continue tracking relevant developments and gathering the necessary information to support the eventual development of a transition plan.

Likewise, the Group currently only possesses qualitative information for disclosing detailed impacts of climate change. Additional efforts are required to quantify the climate-related impacts. Over time, the Group will strengthen its internal expertise and acquire additional resources as needed to enhance its ability to respond effectively.

The Group does not have any investment, disposal or major plans of funding allocation to implement its strategy in climate-related risks and opportunities. The Group will continue to improve its data capacities and disclose the impact once they become measurable.

#### Risk Management

Climate-related risks are incorporated into the Group's comprehensive risk management framework alongside strategic, financial, compliance, and operational risks. Through established risk management processes, the Group ensures that key corporate risks are systematically identified, evaluated, managed, and monitored. This process evaluates risks by considering both their likelihood and potential impact. Impact is assessed against factors including financial loss, legal implications, corporate reputation, environmental safety, and business operations. Likelihood is gauged based on historical data and information reasonably available during the Reporting Period. By combining these likelihood and impact scores, risks are classified into distinct severity levels. Events of higher severity, along with their corresponding mitigation plans, are reported annually to the Board.

To reinforce its resilience against the impact of climate change on its operations, the Group is at an early stage of assessing its climate resilience, with significant uncertainty in quantifying potential impacts and their timing. The Group's capacity to adapt its strategy over time is supported by the operational and planning flexibilities within its current business model. The Group will explore the use of climate-related scenario analysis that is commensurate with its circumstances, including scenarios aligned with the latest international climate agreements, in order to enhance its understanding and reporting of climate-related risks and opportunities through regular risk assessments in the future.

#### Metrics & Targets

As disclosed in the "A1. Emissions" section, the Group has set GHG emission targets aligned with its business plans for the coming periods. Details on the sources, rationale, and assumptions used in measuring the Group's GHG emissions are provided in the "2. Emissions" section. The gross target for GHG covers Scope 1, 2, 3 emissions, and GHG such as methane and nitrous dioxide. The target covers the reporting year of FY2026 for a duration of one year. The Group may consider if its upcoming GHG targets could be derived using a sectoral decarbonization approach.

Currently, the Group does not have adequate resources for disclosing the accurate amount and percentage of assets or business activities vulnerable to climate-related physical, transition risks and opportunities. The Group will monitor the need to include industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.

At present, the Group lacks sufficient information to fully quantify the assets or business activities vulnerable to climate-related risks and opportunities. Additionally, the Group has not adopted an internal carbon pricing mechanism or used carbon credits to offset emissions during the Reporting Period. Nevertheless, it will continue monitoring developments in carbon pricing, carbon tax, and credit regulations to better manage and mitigate climate-related risks.

## B. Social

The Group believes that building strong and lasting relationships with the employees, suppliers and other stakeholders is essential to its ongoing commitment as a socially responsible mining company. Besides, maintaining an honest and authentic dialogue is indispensable as a responsible organisation and partner to the stakeholders.

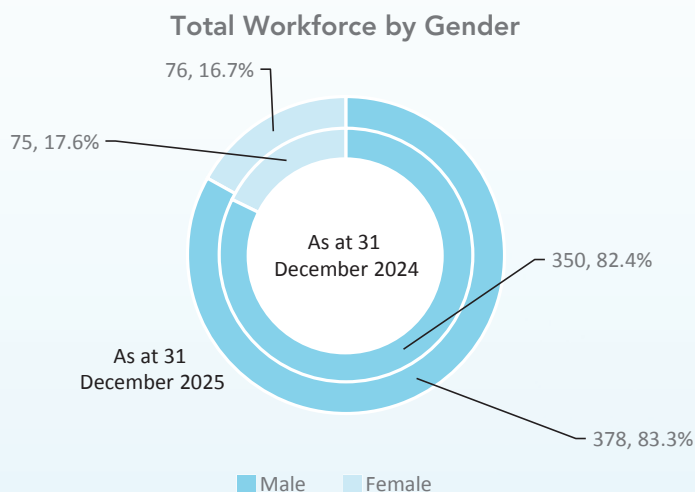
### B1. Employment

#### 1. Employment and Remuneration Policies

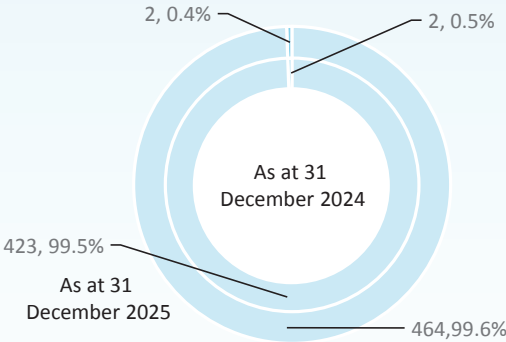
During the Reporting Period, the Group strictly complied with local employment-related laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong and the Labor Law of the PRC (中華人民共和國勞動法). The human resource matters relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare have been included in the Group's staff handbook and the recruitment policy. The Group discourages and prohibits any behaviour that violates the regulations outlined in the said policies. Offenders will receive a warning, and the Group reserves the right to terminate employment contracts for serious violations. These policies and procedures will be reviewed and updated regularly.

#### 2. Workforce Composition

At the end of the Reporting Period, the Group had 454 (FY2024: 425) full-time employees. The composition of the Group's workforce by gender, employee category, age group and geographical region is shown below:

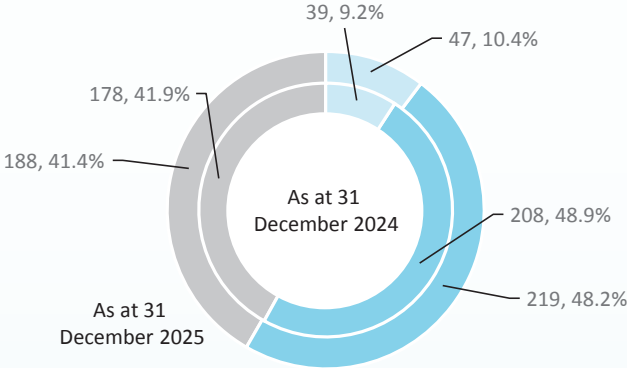


Total Workforce by Employee Category



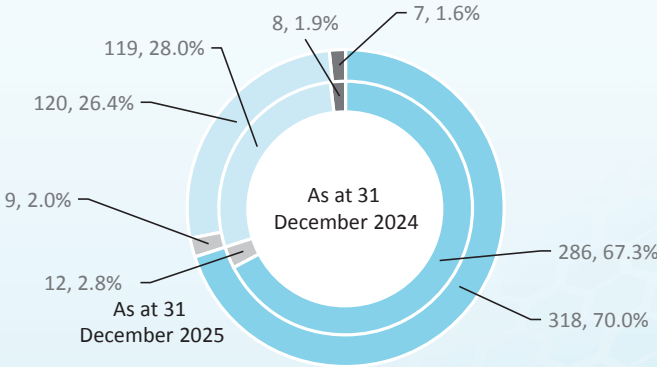
■ Senior management ■ General staff

Total Workforce by Age Group



■ Below 30 Years Old ■ Between 30 and 50 Years Old ■ Over 50 Years Old

Total Workforce by Geographical Region



■ Inner Mongolia ■ Hong Kong ■ North East PRC ■ Other provinces in the PRC

## B. Social (Continued)

### B1. Employment (Continued)

#### 2. Workforce Composition (Continued)

The overall employee turnover rate<sup>6</sup> decreased from approximately 21.5% in FY2024 to approximately 12.5% in FY2025. The Group will continue to strive to retain its employees. The employee turnover rate by gender, age group and geographical region are shown in the following table:

Turnover rate <sup>6</sup>	FY2025		FY2024	
	Number of employees leaving employment	Rate (%)	Number of employees leaving employment	Rate (%)
Total	55	12.5	96	21.5
<b>By gender</b>				
Male	51	14.0	70	19.2
Female	4	5.3	26	32.3
<b>By age group</b>				
Under 30 years old	11	25.6	13	33.8
30-50 years old	17	8.0	47	22.1
Over 50 years old	27	14.8	36	18.5
<b>By geographical region</b>				
Inner Mongolia	40	13.2	68	21.9
Hong Kong	5	47.6	6	80.0
North East PRC	7	5.9	20	16.5
Other provinces in the PRC	3	40.0	2	30.8

Note(s):

<sup>6</sup> Employee turnover rate = number of employees leaving employment in the category during the financial year ÷ average number of employees in the category at the beginning and the end of the financial year × 100%.

## B. Social (Continued)

### B1. Employment (Continued)

#### 3. Staffing

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. Recruitment Policy is in place to govern the hiring process, ensuring it is equitable and free from discrimination. An employment contract will be signed for every employment to protect both the Group and the individual employees. Before signing the employment contract, both the contract and staff handbook will be fully explained to employees, ensuring they understand their rights, responsibilities, and expected conduct and behaviours. The Group strictly prohibits the employment of children or forced labour.

Detailed resignation or termination process has also been standardised and outlined in the staff handbook. Employees are allowed to terminate employment contracts after giving reasonable notice, as stipulated in the relevant employment contract. We will ensure that the dismissal process is conducted based on reasonable and legal grounds.

#### 4. Remuneration and Benefits

As a responsible employer, the Group offers competitive compensation to its employees and rewards them according to their performance and experience. The promotion and remuneration of the Group's employees are subject to regular review. The remuneration packages comprise monetary remuneration, performance bonus and medical benefits. In accordance with legal regulations, the Group contributes to social insurance for eligible full-time employees. The types of insurance provided include pension insurance, basic medical insurance, work injury insurance, maternity insurance, and unemployment insurance. Employees are also entitled to statutory holidays, marriage leave, bereavement leave, maternity leave and paternity leave. Given the high-risk nature of their work, mining workers engaged in specialised operations receive additional compensation, including industrial injury insurance, medical insurance and serious illness insurance, exceeding legal requirements.

### B. Social (Continued)

#### B2. Health and Safety

The Group recognises that operational efficiency and the maintenance of a healthy and safe working environment are closely related. Therefore, the Group places great importance on providing a comfortable and safe working environment for our employees which protects them from any potential occupational hazards.

Workplace safety is always the primary concern for the Group, workers and the public. Even though mine accidents are not likely to occur, they can be severe and often result in deaths and injuries. The Group aims to achieve zero work-related fatalities, injuries and accidents. In the past three years including the Reporting Period, the Group has achieved zero work-related fatalities. During the Reporting Period, the Group recorded 514 (FY2024: 1,320) lost days due to 8 incidents of work-related injuries. In the event of a work-related injury, the Group will provide immediate assistance to the affected employee and report the incident to the relevant authority. All incidents will be investigated according to established procedures to minimise the risk of recurrence.

During the Reporting Period, the Group strictly complied with laws and regulations relating to occupational health and safety and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to:

- The Production Safety Law of the PRC (中華人民共和國安全生產法); and
- The Mine Safety Law of the PRC (中華人民共和國礦山安全法).

#### 1. Occupational Health and Safety Management

With consultation and involvement from employees, the Group has developed Work Safety Guidelines and implemented relevant safety procedures and precautions. The safety policies, procedures and measures will be reviewed annually and improved as necessary to ensure their effectiveness and timeliness.

Everyone in the Group is accountable for achieving the Group's goal of workplace safety and health. The Group has allocated a member of top management with special responsibility for ensuring the proper implementation of the health and safety management system. The Group has also assigned safety officers who are responsible for ensuring that the working environment complies with or exceeds the requirements of relevant laws. Every employee is encouraged to report or complain about any unsafe or unhealthy conditions or work practices, and the Group will respond appropriately after investigation.

## B. Social (Continued)

### B2. Health and Safety (Continued)

#### 1. Occupational Health and Safety Management (Continued)

To reduce the hazards of potential mining accidents, the Group focuses on ventilation and the prevention of gas explosions, coal dust and fire, collectively referred to as the “ventilation and three preventions” (一通三防). The key measures under each aspect are listed as follows:

Areas	Key measures
Ventilation	<ul style="list-style-type: none"> <li>Gas density, hazardous gas density and ventilation facilities are checked and recorded by qualified and experienced technicians according to preset standards and regulations at regular time intervals, routes and locations.</li> <li>The main ventilator for the coal mine must be switched on continuously. Chief engineer’s approval is required for the suspension of the ventilator.</li> <li>Mine workers can only work when there are adequate ventilation conditions. Otherwise, mine workers are required to evacuate the mine.</li> </ul>
Gas Explosions Preventions	<ul style="list-style-type: none"> <li>Mine workers must carry gas monitoring devices while in the mine. Any onsite personnel should evacuate immediately if the hazardous gas density exceeds the limit.</li> <li>Shaft-drifts in abandoned mining areas and those with bad ventilation conditions will be closed timely.</li> <li>Registration is required for blind shaft-drifts.</li> </ul>
Coal Dust Prevention	<ul style="list-style-type: none"> <li>A dust suppression system using water spray has been established with adequate and clean water. Water pipes have been installed in shaft-drifts near the stope face.</li> <li>All underground workers are required to wear coal dust masks, which will be strictly inspected before entering the mine.</li> <li>Dust suppression using water spray must be conducted regularly in shaft-drifts.</li> <li>Respiratory and total coal dust density in the operation area are examined monthly and bi-weekly, respectively.</li> </ul>
Fire Prevention	<ul style="list-style-type: none"> <li>A firefighting system using nitrogen must be installed in coal mines before coal production begins.</li> <li>Predictions of spontaneous combustion are performed weekly to identify the potential risk of combustion.</li> <li>The goaf (採空區) must have flame proof construction established within 45 days and be permanently closed to prevent the occurrence of spontaneous combustion and fires.</li> </ul>

### B. Social (Continued)

#### B2. Health and Safety (Continued)

##### 1. Occupational Health and Safety Management (Continued)

The Group understands that a sense of belonging and morale of the employees are key drivers of healthy corporate growth, particularly in supporting employee mental health and alleviating work-related stress. As a result, the Group is committed to promoting open and direct communication between employees and management. Casual and festival gatherings, such as New Year's Day, Spring Festival, Mid-Autumn Festival and Christmas, have been organised to enhance the harmonious spirit throughout the Group.

##### 2. Mine Rescue Team

The mine rescue team was established in 2017. The rescue team reports directly to the general manager and is instructed by the chief engineer. All members are strictly selected, well-trained and equipped with the latest rescuing equipment.

To ensure readiness to respond to safety incidents at the mine at any time, the mine rescue team undergoes training and maintenance of rescue equipment on a regular basis.

With adequate authorisation and clearly defined job duties, the team can react promptly to safety incidents and conduct rescues following the rescue guidelines. The mine rescue team has greatly strengthened the Group's rescue capacity, becoming an indispensable force in addressing safety incidents at the mine.

##### 3. Prevention of Occupational Disease

In addition to workplace safety, the Group is also concerned with occupational disease. One of the most direct and obvious occupational health issues for workers is their exposure to hazardous materials, including coal dust and hazardous gases such as methane and carbon dioxide. The Group adopts several measures to protect and improve occupational health, including but not limited to:

- Providing personal protective equipment to employees such as dust masks and self-contained self-rescue devices before entering the mine;
- Organising work schedules, such as job rotation and segregation by distance or time to minimise hazardous exposures;
- Providing hygiene facilities to reduce exposure to hazardous materials;
- Adopting automation to reduce work that requires repetitive body movements; and
- Arranging regular health checks for workers.

## B. Social (Continued)

### B3. Development and Training

The Group regards its staff as an important asset and resource, essential for sustaining its core values and culture. The Group is committed to providing comprehensive on-the-job training programmes, which collectively serve as a platform for staff development and self-improvement.

The Group provides a clear career path and a transparent promotion system for its employees. With occupational safety as a core concern, most of the training programmes are designed to raise awareness of occupational safety and health. To enhance the implementation and management of safety training programmes, the Group has formulated an Employee Vocational Training Policy.

In FY2025, the Group conducted training for management personnel and special skills certification programmes. Notably, the underground coal mine safety management certification training programme equips coal mine workers with the skills and knowledge necessary to respond safely and appropriately to emergencies, including fires in underground work areas. In addition, the Group offers a new miner training programme for new employees. The programme is delivered by the safety supervision department to provide the necessary safety knowledge and skills. All new employees are required to pass an examination after training to qualify for joining the Group. Regular refresher training is also arranged to ensure employees' knowledge remains up to date.

During the Reporting Period, approximately 96.5%<sup>7</sup> (FY2024: 77.7%) of employees completed training and a total of approximately 10,860.0 (FY2024: 9,326.0) hours of training were provided to employees. A summary of the Group's training data is as follows:

Category	FY2025		FY2024	
	Breakdown of employees trained <sup>8</sup> (%)	Average training hours <sup>9</sup>	Breakdown of employees trained <sup>8</sup> (%)	Average training hours <sup>9</sup>
Total	100.0	24.7	100.0	20.9
<b>By gender</b>				
Male	82.8	24.5	85.3	22.0
Female	17.2	25.8	14.7	16.1
<b>By employee category</b>				
Senior management	0.2	10.0	0.3	10.0
General staff	99.8	24.8	99.7	21.0

Note(s):

- 7 Percentage of employees trained = number of employees trained during the financial year ÷ average number of employees at the beginning and end of the financial year × 100%.
- 8 Breakdown of employees trained = number of employees trained in the category during the financial year ÷ total number of employees trained during the financial year × 100%.
- 9 Average training hours = number of training hours in the category during the financial year ÷ average number of employees in the category at the beginning and end of the financial year.

### B. Social (Continued)

#### B4. Labour Standards

The Group does not tolerate the use of child or forced labour. It strictly adheres to local employment-related regulations and aligns with international labour standards and industry best practices. During the Reporting Period, the Group strictly complied with local employment-related laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong and the Labor Law of the PRC (中華人民共和國勞動法).

The Group's staff handbook and recruitment policy govern all recruitment and promotion activities so as to ensure the absence of children and forced labour. The Group also reviews its overall employment practices to avoid child or forced labour and other potential irregularities from time to time.

The Group does not hire individuals below the legal working age in any location where it operates. During the interview process, the human resources department would request job applicants to present valid identification documents for verification of their actual ages. It also conducts background checks and a comprehensive recruitment review to ensure the accuracy and truthfulness of the applicant's information.

To prevent forced labour, the Group conducts open and fair recruitment according to corporate plans and needs. It respects employees' rights as stipulated in the laws and regulations, ensuring that all employees receive a salary no less than the statutory minimum wage, work within prescribed working hours pursuant to their employment contract, and enjoy sufficient rest time and paid holidays. Any necessary arrangements for overtime work would be agreed upon by employees voluntarily. Overtime work and overtime pay (where applicable) are in line with the local laws and regulations. During working hours, employees are allowed to move freely within the work premises. In the event of any violations related to child or forced labour, the Group will address the issue promptly and appropriately to eliminate such practices.

#### B5. Supply Chain Management

Supply chain management is one of the key elements of the Group's quality control system. To govern its supplier management practices and ensure social and environmental responsibility, the Group has established a Material Procurement Procedure and Policy. The procurement team is responsible for designing, planning, implementing, controlling and monitoring logistic activities. During the Reporting Period, the Group engaged with 5 (FY2025: 5) major suppliers, all located in the PRC, to support its mining operations. All suppliers have undergone the Group's procurement process. The Group will continue to review the supply chain and monitor its supplier engagement practices periodically to ensure its effectiveness.

## B. Social (Continued)

### B5. Supply Chain Management (Continued)

#### 1. Fair and Open Competition

The Group is committed to providing equal opportunities to all potential suppliers and partners to fulfil the diverse needs of its customers. It believes that healthy market competition can improve product quality, achieve cost minimisation, and enable rapid responses to customer needs while offering them more options.

To promote fair and open competition, the Group focuses on developing long-term relationships with suppliers based on mutual trust. It conducts extensive market research and seeks recommendations to identify suitable suppliers. To ensure fairness and transparency in the procurement process, the Group requires quotations from more than one vendor. Each supplier is assessed on qualifications, reputation, product quality, pricing, and delivery capabilities, allowing the Group to establish comprehensive supplier profiles and nurture stable partnerships.

To maintain quality and competitiveness among suppliers, the Group strictly enforces regular quality inspections for all purchased materials, ensuring that they meet quality standards and contractual requirements. Responsibilities are clearly defined with suppliers to enable timely traceability and resolution of any quality issues.

#### 2. Safe and Environmentally Friendly Procurement

The Group identifies and assesses potential risks in the procurement process, such as supplier defaults, price fluctuations, quality concerns, and transportation delays. To prioritise safety and environmental sustainability while mitigating related risks, the Group requires that all purchased mining products carry safety certifications, possess valid work safety licences and comply with relevant environmental and social regulations. Furthermore, the Group continually strives to minimise air pollution during transportation while maintaining high-quality and efficient coal mining practices. To achieve this, the Group's logistics teams utilise dust suppression measures and apply temporary covers to reduce dust emissions for both inbound and outbound shipments.

### B. Social (Continued)

#### B6. Product Responsibility

The Group believes that products and services of excellent quality are one of the key factors of success. During the Reporting Period, the Group strictly complied with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress, and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to:

- The Product Quality Law of the PRC (中華人民共和國產品質量法);
- The Advertising Law of the PRC (中華人民共和國廣告法);
- The Patent Law of the PRC (中華人民共和國專利法); and
- The Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法).

##### 1. Product Quality and Safety

The major product of the Group's coal mine in Inner Mongolia is lignite (褐煤). Currently, the Group holds a safety production licence and a mining licence to ensure compliant and safe operations. During the Reporting Period, the production volume was approximately 870,000 (FY2024: 902,000) tonnes. To maintain high quality and ensure the health and safety of its products, the Group conducts regular quality checks. It also strives to prohibit fraudulent, misleading, deceptive and other unfair commercial practices that may undermine customers' confidence and rights.

In the event of any complaints, the Group conducts thorough inspections to determine the necessary actions. If defective products are found, the Group will launch the recall procedures immediately and assign a dedicated team to investigate the probable causes. The investigation records will then be stored in the database to prevent future occurrences. During the Reporting Period, no customer complaint was reported (FY2024: Nil). The Group also did not record any recalls of products sold or shipped which is due to safety and health reasons (FY2024: Nil).

The higher the heating value of lignite, the more energy it generates and the fewer pollutants it produces during combustion. To minimise environmental impact at every stage of its mining operation, the Group strives to increase the heating value of its product by controlling the moisture level. The Group is also fully devoted to regularly monitoring its activities to ensure compliance with national standards.

##### 2. Intellectual Property Rights

Maintaining intellectual property rights is important to the Group. The Group is committed to protecting intellectual property rights and not infringing on any third-party interests. The Group protects intellectual property rights by ensuring that licensed software is used for business operations. During the Reporting Period, the Group did not have any violations of intellectual property rights and related complaints (FY2024: Nil).

## B. Social (Continued)

### B6. Product Responsibility (Continued)

#### 3. Privacy Protection

The Group is committed to protecting the privacy of consumers. The confidential security measures include but are not limited to, the desensitisation of personal sensitive information and the signing of data confidentiality agreements whenever necessary. The procedures will be reviewed annually and improved as necessary to ensure their effectiveness. During the Reporting Period, the Group did not experience any breaches of data privacy (FY2024: Nil).

### B7. Anti-corruption

The Group adheres to the philosophy of honesty and integrity in doing business and adopts a zero-tolerance stance toward corruption or any misconduct that is against the Group's interest. During the Reporting Period, the Group strictly complied with laws and regulations relating to bribery, extortion, fraud and money laundering and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong and the Criminal Law of the PRC (中華人民共和國刑法).

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. The Group has outlined its code of conduct in the staff handbook. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty and to comply with the relevant legal norms and ethical standards. It is every employee's responsibility and in the best interest of the Group to ensure that no inappropriate behaviour or organisational malpractice occurs that could compromise the interest of shareholders, investors, customers and the wider public. All employees are required to avoid conflicts of interest by not conducting any illegal financial activities or other illegal activities, and report any situations that may involve a conflict of interest with the Group, either directly or indirectly. In case any employee violates the Group's policy regarding anti-corruption, the Group will terminate its labour contract and transfer the case to the judicial authorities. During the Reporting Period, there were no concluded legal cases regarding any forms of bribery, extortion, fraud and money laundering brought against the Group or its employees (FY2024: Nil).

#### 1. Whistle-blowing Procedure

A whistle-blowing policy is in place to provide a channel for employees to report suspected misconduct and to prevent any malpractice or misconduct relating to bribery, extortion, fraud and money laundering within the Group. The management of the Group will take immediate action to investigate the issue. The Group endeavours to protect the whistle-blower from common concerns such as potential retaliation and assures that their identity as a whistleblower will be kept confidential. To monitor the effectiveness of the mechanism, the Group reviews all reports received regularly to identify any patterns of improprieties or alleged improprieties that need to be addressed.

### B. Social (Continued)

#### B7. Anti-corruption (Continued)

##### 2. Anti-corruption Training

To reinforce the concept of integrity and ensure a high standard of business conduct, the Group will share anti-corruption materials and arrange anti-corruption related training if available. During FY2025, anti-corruption materials has been sent to all Directors and all employees via emails and were prominently posted on the notice board in the office. The materials serve to enhance their understanding of updates to relevant laws and regulations, foster awareness of fraud and corruption, and equip them with the necessary skills to intervene when such issues arise. We are fully committed to increasing awareness regarding anticorruption measures within the organisation and will proactively seek out additional training opportunities in the future.

#### B8. Community Investment

The Group is committed to contributing to socioeconomic development, community well-being and sustainability in Inner Mongolia. Due to challenging market and economic conditions, the Group did not participate in any community activities in FY2025. However, as a responsible corporate citizen, the Group continuously seeks opportunities to enhance its relationship with local citizens. It has continued its efforts to retain its employees, as well as train and hire local individuals whenever possible. The Group has created job opportunities for the local community and has provided various levels of job positions from miner to management level. The Group will continue to support the community in the future by incorporating the concept of corporate social responsibility into its daily operations.

# DIRECTORS' REPORT

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

## Principal Activities

The Company is an investment holding company. The principal activities of the subsidiaries of the Company and other related information are set out in Note 1 to the consolidated financial statements.

Details of the segment information are set out in Note 9 to the consolidated financial statements.

## Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the year ended 31 December 2025 and the material factors underlying its financial performance are set out in the section headed "Management Discussion and Analysis" on pages 9 to 19 of this annual report.

To the Company's knowledge, the Company has complied with all the relevant laws and regulations that have a significant impact on the Company. The Company will seek professional legal advice from legal advisers, where necessary, to ensure transactions and business to be performed by the Company are in compliance with the applicable laws and regulations. For the further information regarding the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report" of this annual report.

## Results and Dividend

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and consolidated statement of other comprehensive income on pages 84 to 85 of this annual report.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil) taking into consideration the financial performance of the Group.

## Share Capital

Details of the movements in the share capital of the Company are set out in Note 31 to the consolidated financial statements.

## Reserves

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in consolidated statement of changes in equity and Note 33 to the consolidated financial statements respectively.

## Distributable Reserves

As at 31 December 2025, the Company had reserves available for distribution, calculated in accordance with the provision of the Cayman Islands Companies Law, amounting to approximately HK\$102,622,000. The share premium account of the Company of approximately HK\$201,977,000 as at 31 December 2025 is distributable to the Shareholders provided that immediately following the date on which the dividend proposed to be distributed, the Company will be in a position to pay off debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

## DIRECTORS' REPORT

### Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

### Directors

The Directors during the year and up to the date of this annual report were:

#### Executive Director

Mr. Ng Ying Kit

#### Non-executive Director

Ms. Kwong Pui Yin

#### Independent Non-executive Directors

Mr. Lee Wai Ming

Mr. Chang Xuejun

Mr. Li Juhui

In accordance with articles 84(1) and 84(2) of the Second Amended and Restated Memorandum and Articles, Mr. Lee Wai Ming and Mr. Li Juhui, will retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

All the Directors (including INEDs) are subject to retirement by rotation at least once every three years in accordance with the Second Amended and Restated Memorandum and Articles.

### Directors' Service Contracts

#### Executive Director

Each of executive Director has entered into a service agreement with the Company. Mr. Ng Ying Kit entered into a service agreement with the Company on 5 February 2015. The service agreement shall continue thereafter unless and until terminated by other party giving not less than three months' notice in writing to the other party.

#### Non-Executive Director

Ms. Kwong Pui Yin entered into an appointment letter with the Company for a term of three years commencing on 26 November 2024 and shall continue thereafter unless and until terminated by other party giving not less than three months' notice in writing to the other party.

## Independent Non-executive Directors

Mr. Chang Xuejun, Mr. Lee Wai Ming and Mr. Li Juhui entered into an appointment letter with the Company for a term of three years commencing on 15 June 2020, 23 November 2020 and 17 April 2024 respectively and shall continue thereafter unless and until terminated by other party giving not less than three months' notice in writing to the other party.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## Confirmation of Independence of INEDs

The Company has received from each of the INEDs, who acted in such capacities during the year ended 31 December 2025, an annual confirmation of independence. The Company considered that each of its INEDs as at the date of this annual report to be independent pursuant to the criteria set out in the Listing Rules.

## Biographical Details of Directors and Senior Management

The profiles of the Directors and senior management are set out on pages 20 to 21 of this annual report.

## Five-Year Financial Summary

A summary of the results of the Group for the last five financial years and of its assets and liabilities as at the end of the last five financial years is set out on pages 6 to 8 of this annual report.

## Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the paragraph headed "Connected transactions" below, no other transactions, arrangements or contracts of significance to which the Company or its subsidiaries was a party subsisted at the end of the year or at any time during the year ended 31 December 2025 in which any Director, whether directly or indirectly, had a material interest.

## Controlling Shareholders' Material Interests in Contracts

No transaction, arrangement, or contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, and no transaction, arrangement, or contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

## Directors' Interest in Competing Business

None of the Directors or any of their respective associates had any material interest in business which competed or may compete with the business of the Group.

## DIRECTORS' REPORT

### Directors' and Chief Executive's Interests and the Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporations

As at 31 December 2025, none of the Directors and the chief executive 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### Substantial Shareholders

As at 31 December 2025, so far as is known to the Directors or the chief executive of the Company based on the register maintained by the Company pursuant to Section 336 of the SFO, the following persons (other than the Directors or the chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name	Capacity/ Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the total issued share capital of the Company as at 31 December 2025
Liu Chang Deng	Beneficial owner	15,615,431	6.36%
Sungold Developments Group Limited	Beneficial owner	14,999,600 (note)	6.11%
Prosperous Eve International Limited	Interest of controlled corporation	14,999,600 (note)	6.11%
Cao Min	Interest of controlled corporation	14,999,600 (note)	6.11%

*Note:*

Mr. Cao Min is the beneficial owner of 100% shareholding in Prosperous Eve International Limited. Prosperous Eve International Limited is the beneficial owner of 100% shareholding in Sungold Developments Group Limited. Therefore, Mr. Cao Min is deemed to be interested in 14,999,600 shares held by Sungold Developments Group Limited for the purpose of the SFO.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company were not aware of any other person (other than Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## Directors' and Chief Executive's Rights to Acquire Shares or Debt Securities

Neither the Company nor any its subsidiaries was a party to any arrangements to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## Connected Transactions

The related party transactions set out in Note 35 to the consolidated financial statements constitute connected transactions of the Company under Chapter 14A of the Listing Rules but are exempted from the reporting, announcement and independent Shareholders' approval requirements.

## Management Contracts

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

## Equity-linked Agreements

The Group has not entered into any equity-linked agreements during the year ended 31 December 2025.

## Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 June 2023.

The major terms of the Share Option Scheme disclosed in accordance with Chapter 17 of the Listing Rules are as follows:

### 1. Purpose

The purpose of the Share Option Scheme is to enable the Group to attract and retain the best available personnel, to provide additional incentive to the eligible participants and to promote the success of the business of the Group.

### 2. Participants

The Board may at its discretion grant options to director(s) and employee(s) of each member of the Group, and any holding company, fellow subsidiary or associate company of the Company depending on their contributions to the Group.

### 3. Total number of shares available for issue

As at the date of this annual report, the total number of Shares available for issue in respect of which options may be granted under the Share Option Scheme was 16,134,771, representing approximately 6.57% of the Shares (excluding treasury shares) in issue as at the date of this annual report.

## DIRECTORS' REPORT

### 4. Maximum entitlement of each participant

Unless approved by the Shareholders in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the share options being granted under the Share Option Scheme (including both exercised or outstanding share options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company at the relevant time.

### 5. Exercise period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to the grantee thereof, such period shall not exceed 10 years from the date of the grant of that option.

### 6. Vesting period

The minimum vesting period is 12 months from the date or dates when all the vesting conditions set out in the letter of grant are met. A shorter vesting period may be granted to employee participants at the discretion of the Board (or the Remuneration Committee where the arrangements relate to grants of options to the Directors and/or senior management of the Company).

### 7. Amount payable on acceptance of the option and the period within which payments shall be made

The amount payable on acceptance of the option shall be at the discretion of the Board. The acceptance of options must be made during a period from the grant date to such date as the Board may determine and specify in the letter of grant, provided that such period shall not exceed 30 business days from the date of the letter of grant, together with a non-refundable remittance (if any) in favour of the Company from each grantee.

### 8. Basis of determining the subscription price of options granted

The subscription price in respect of any option shall be at the discretion of the Board, provided that it shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of a Share on the grant date.

### 9. Remaining life of the Share Option Scheme

The Share Option Scheme is valid and effective for a period of 10 years commencing on 21 June 2023. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 7 years.

The number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were 16,134,771. No share options have been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to and including 31 December 2025. As at 31 December 2025, no share options were outstanding under the Share Option Scheme.

## Convertible Securities, Options, Warrants or Other Similar Rights

The Company had no other outstanding convertible securities, options, warrants or other similar rights as at 31 December 2025. There had been no exercise of any convertible securities, options, warrants or other similar rights during the year ended 31 December 2025.

## Fund raising activities

Apart from the placing of new shares described in the section headed "Management Discussion and Analysis", there were no other fund-raising activities conducted by the Company during the year ended 31 December 2025.

## Major Customers and Suppliers

Information in respect of the Group's revenue attributable to the major customers during the year ended 31 December 2025 are as follows:

	<b>Percentage of the Group's total revenue</b>
The largest customer	63.1%
Five largest customers in aggregate	91.8%

In addition, the Group's aggregate purchase attributable to its five largest suppliers was less than 30% of the Group's total purchases.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material interest in the major customers and suppliers disclosed above.

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Second Amended and Restated Memorandum and Articles or the law of the Cayman Islands where the Company was incorporated.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## Permitted Indemnity Provision

Pursuant to the Second Amended and Restated Memorandum and Articles, every Director or other officers of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, and no Director or other officers shall be liable for any loss, damages or misfortune which may happen to be incurred by the Company in the execution of the duties of his/her office or in relation thereto provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year ended 31 December 2025.

## DIRECTORS' REPORT

### Employees and Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in Note 13 to the consolidated financial statements.

### Relationships with Employees, Customers and Suppliers

The Company is committed to maintaining, and has maintained good relationships with, its employees, customers and suppliers with a view to fostering better mutual understanding and/or a sense of belonging towards the Company. This is conducive to implementing the Group's strategies and business objectives, as well as the Group's business development and sustainability in the long term.

### Environmental Policies and Performance

As a responsible corporation, the Company is committed to protecting the environment in the areas where we operate. To ensure our business development and sustainability, the Company endeavors to comply with the laws and regulations regarding environmental protection and to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 38 to 70 of this annual report.

### Sufficiency of Public Float

Based on the information available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the public float required by the Listing Rules.

### Auditor

The consolidated financial statements for the year ended 31 December 2025 have been audited by Suya WWC CPA Limited. A resolution for the re-appointment of Suya WWC CPA Limited as the auditor of the Company will be proposed as the forthcoming annual general meeting of the Company.

By order of the Board

**Ng Ying Kit**

*Executive Director*

Hong Kong, 22 April 2026

# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

**TO THE SHAREHOLDERS OF  
GRAND OCEAN ADVANCED RESOURCES COMPANY LIMITED**  
(Incorporated in the Cayman Islands with limited liability)

## Qualified Opinion

We have audited the consolidated financial statements of Grand Ocean Advanced Resources Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 84 to 140, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis For Qualified Opinion

As disclosed in Notes 4 and 18 to the consolidated financial statements, the Group acquired 52% unquoted equity interest in the issued shares of Thaisan Jiujiu Investment Laos Trade Co., Ltd (the “**Investee**”) on 26 August 2024 at a consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). On 4 October 2024, the Group provided a shareholder’s loan to the Investee in the principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) to cover the amount owned to the vendor for the building of infrastructure and purchase of machinery. The Investee is a limited liability company incorporated in the Lao People’s Democratic Republic (“**Laos**”), which is an investment holding company and holds 51% equity interest in Lao Taishan Jiujiu Mining Co., Ltd in Laos.

The Group recorded the investment as interest in an associate in the consolidated financial statements. The investment has carrying amount of approximately HK\$23,561,000 (2024: HK\$24,735,000) as at 31 December 2025 and a share of results of associate amounting to approximately HK\$1,857,000 (2024: HK\$1,667,000) is recognised in the profit or loss for the year ended 31 December 2025. The carrying amount of loan to an associate was approximately HK\$29,029,000 (2024: approximately HK\$35,983,000) as at 31 December 2025. We were unable to obtain sufficient audit evidence to determine the appropriateness of the accounting impact regarding the classification, valuation, and related disclosures of the loan to an associate and 52% equity interest in the Investee as an interest in an associate and accounted for in accordance with HKAS 28 Investments in Associates and Joint Ventures, due to the lack of sufficient audit evidence to demonstrate the existence of significant influence of the Company on the Investee. There were no alternative procedures that are available for us to satisfy ourselves in respect of this investment.

Any adjustments to the figures as described above might have a consequential effect on the Group’s consolidated financial performance and consolidated cash flows for the years ended 31 December 2025 and the consolidated financial position of the Group as at 31 December 2025, and the related disclosures thereof in the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

### Basis For Qualified Opinion (Continued)

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with HKICPA's Code of Ethics for Professional Accountants (the "Code") as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Key Audit Matters

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

#### Impairment assessment of non-financial assets for the coal mining cash-generating unit

*(Refer to Notes 4(n), 17, 19 and 21 to the consolidated financial statements and the Group's critical judgements and key estimates in relation to the impairment of non-financial assets set out in Note 5(b) to the consolidated financial statements).*

The Group's non-financial assets of the coal mining cash-generating unit (the "Coal Mining CGU") comprised of property, plant and equipment, intangible asset and right-of-use assets of approximately HK\$46,066,000, HK\$11,134,000 and HK\$5,909,000 respectively as at 31 December 2025.

The management of the Group has performed an impairment assessment in accordance with its accounting policies which complies with Hong Kong Accounting Standard 36 "Impairment of Assets". The recoverable amount of the Coal Mining CGU is determined based on its value in use. Based on the impairment assessment, an impairment loss approximately HK\$31,998,000, HK\$7,734,000 and HK\$4,105,000 was made on the carrying amounts of property, plant and equipment, intangible asset and right-of-use assets during the year ended 31 December 2025.

The impairment assessment involved exercise of significant judgements and key assumptions made by management concerning the estimated future cash flows. We have identified the impairment assessment of non-financial assets of the Coal Mining CGU as a key audit matter because of its significance to the consolidated financial statements and the impairment assessment involved significant management judgements and estimations with respect to the inflation rate, discount rate and the underlying cash flows.

## Key Audit Matters (Continued)

### Impairment assessment of non-financial assets for the coal mining cash-generating unit (Continued)

Our response:

Our procedures in relation to management's impairment assessment included, but not limited to, the following procedures:

- We assessed the appropriateness of management's identification of the cash-generated-units and allocation of non-current assets based on Group's accounting policy and our understanding of the Group's business;
- We evaluated the assessment of impairment indicators of Coal Mining CGU prepared by management;
- We obtained and reviewed cash flow forecasts of Coal Mining CGU prepared by the management and approved by the directors of the Company;
- We discussed with management and the independent external valuer engaged by the Company in relation to the methodology, basis and assumptions used in arriving at the forecasts (e.g. estimated sales growth rate and discount rate etc.) to see whether the methodology, basis and assumptions used were reasonable;
- We checked, on a sample basis, the accuracy and reliance of the input data used;
- We evaluated the competence, capabilities and objectivity of the independent external valuer taking into account its experience and qualifications; and
- We also assessed the adequacy of the disclosures regarding the impairment assessment in the consolidated financial statements.

## Other Information in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 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.

## INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

### Directors' Responsibilities for the Consolidated Financial Statements

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

### 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. This report is made solely to you, as a body, in accordance with the terms of our 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is So Wing Chiu with Practising Certificate number P07841.

#### **Suya WWC CPA Limited**

*Certified Public Accountants (Practising)*

Unit 4, 27/F, Wu Chung House,  
213 Queen's Road East, Wanchai

Hong Kong, 31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	7	<b>161,552</b>	180,934
Cost of sales		<b>(96,624)</b>	(113,465)
<b>Gross profit</b>		<b>64,928</b>	67,469
Other income and gains	8	<b>2,885</b>	3,371
Selling and distribution expenses		<b>(4,091)</b>	(3,909)
Administrative expenses		<b>(85,790)</b>	(103,811)
Share of results of associate		<b>(1,857)</b>	(1,667)
Expected credit loss on loan to an associate	18	<b>(8,675)</b>	(2,298)
Impairment loss on property, plant and equipment	17	<b>(31,998)</b>	(19,240)
Impairment loss on intangible asset	19	<b>(7,734)</b>	(4,470)
Impairment loss on right-of-use assets	21	<b>(4,105)</b>	(2,250)
<b>Loss from operations</b>		<b>(76,437)</b>	(66,805)
Finance costs	10	<b>(66)</b>	(36)
<b>Loss before tax</b>	11	<b>(76,503)</b>	(66,841)
Income tax credit	12	<b>7,080</b>	3,058
<b>Loss for the year</b>		<b>(69,423)</b>	(63,783)
<b>Attributable to:</b>			
Owners of the Company		<b>(50,966)</b>	(50,768)
Non-controlling interests		<b>(18,457)</b>	(13,015)
		<b>(69,423)</b>	(63,783)
		<b>HK cents</b>	HK cents
Loss per share	16		
– basic		<b>(23.91)</b>	(25.50)
– diluted		<b>(23.91)</b>	(25.50)

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year</b>	<b>(69,423)</b>	(63,783)
<b>Other comprehensive income after tax:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>4,394</b>	(4,556)
<b>Other comprehensive income for the year, net of tax</b>	<b>4,394</b>	(4,556)
<b>Total comprehensive income for the year</b>	<b>(65,029)</b>	(68,339)
<b>Attributable to:</b>		
Owners of the Company	<b>(48,137)</b>	(53,536)
Non-controlling interests	<b>(16,892)</b>	(14,803)
	<b>(65,029)</b>	(68,339)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	17	58,018	97,906
Intangible asset	19	11,134	19,747
Investment property	20	1,826	1,863
Right-of-use assets	21	9,069	11,751
Interest in an associate	18	23,561	24,735
Deferred tax assets	22	21,966	14,103
<b>Total non-current assets</b>		<b>125,574</b>	<b>170,105</b>
<b>Current assets</b>			
Inventories	23	4,139	3,736
Trade receivables	24	–	–
Deposits, prepayments and other receivables	25	2,270	1,284
Loan to an associate	18	29,029	35,983
Restricted bank deposits	26	586	153
Bank and cash balances	27	71,428	73,412
<b>Total current assets</b>		<b>107,452</b>	<b>114,568</b>
<b>Current liabilities</b>			
Accruals and other payables	28	70,278	71,919
Contract liabilities	7	2,389	2,952
Lease liabilities	21	1,596	690
<b>Total current liabilities</b>		<b>74,263</b>	<b>75,561</b>
<b>Net current assets</b>		<b>33,189</b>	<b>39,007</b>
<b>Total assets less current liabilities</b>		<b>158,763</b>	<b>209,112</b>
<b>Non-current liabilities</b>			
Provision for environmental rehabilitation and restoration	29	4,854	4,645
Deferred tax liabilities	22	15,735	15,119
Lease liabilities	21	1,459	1,098
<b>Total non-current liabilities</b>		<b>22,048</b>	<b>20,862</b>
<b>NET ASSETS</b>		<b>136,715</b>	<b>188,250</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Capital and reserves</b>			
Share capital	31	24,554	20,462
Reserves		84,966	123,701
Equity attributable to owners of the Company		109,520	144,163
Non-controlling interests		27,195	44,087
<b>TOTAL EQUITY</b>		<b>136,715</b>	188,250

Approved by the Board of Directors on 31 March 2026 and signed on its behalf by:

**NG Ying Kit**  
*Director*

**KWONG Pui Yin**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

## Attributable to owners of the Company

Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Distributable reserve HK\$'000	Future development fund HK\$'000	Safety fund HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024	17,235	136,701	(1,628)	135,282	56,250	131,724	11,512	(348,478)	138,598	58,890	197,488
Total comprehensive income for the year	-	-	-	-	-	-	(2,768)	(50,768)	(53,536)	(14,803)	(68,339)
Net appropriations	-	-	-	-	4,373	6,885	-	(11,258)	-	-	-
Placing of new shares	31	3,227	55,874	-	-	-	-	-	59,101	-	59,101
Changes in equity for the year	3,227	55,874	-	-	4,373	6,885	(2,768)	(62,026)	5,565	(14,803)	(9,238)
At 31 December 2024	20,462	192,575	(1,628)	135,282	60,623	138,609	8,744	(410,504)	144,163	44,087	188,250
At 1 January 2025	20,462	192,575	(1,628)	135,282	60,623	138,609	8,744	(410,504)	144,163	44,087	188,250
Total comprehensive income for the year	-	-	-	-	-	-	2,829	(50,966)	(48,137)	(16,892)	(65,029)
Net appropriations	-	-	-	-	4,114	5,032	-	(9,146)	-	-	-
Placing of new shares	31	4,092	9,402	-	-	-	-	-	13,494	-	13,494
Changes in equity for the year	4,092	9,402	-	-	4,114	5,032	2,829	(60,112)	(34,643)	(16,892)	(51,535)
At 31 December 2025	24,554	201,977	(1,628)	135,282	64,737	143,641	11,573	(470,616)	109,520	27,195	136,715

Nature and purpose of reserves are disclosed in note 33 to the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(76,503)</b>	(66,841)
Adjustments for:			
Finance costs	10	<b>66</b>	36
Interest income	8	<b>(291)</b>	(1,961)
Depreciation of property, plant and equipment	17	<b>15,034</b>	16,172
Amortisation of intangible asset	19	<b>1,563</b>	1,967
Depreciation of investment property	20	<b>118</b>	118
Depreciation of right-of-use assets	21	<b>978</b>	625
Loss on disposals of property, plant and equipment, net		<b>423</b>	396
Share of results of associate		<b>1,857</b>	1,667
Expected credit loss on loan to an associate	18	<b>8,675</b>	2,298
Impairment loss on property, plant and equipment	17	<b>31,998</b>	19,240
Impairment loss on intangible asset	19	<b>7,734</b>	4,470
Impairment loss on right-of-use assets	21	<b>4,105</b>	2,250
Operating loss before working capital changes		<b>(4,243)</b>	(19,563)
(Increase)/Decrease in inventories		<b>(230)</b>	654
(Increase)/Decrease in deposits, prepayments and other receivables		<b>(941)</b>	30,029
Decrease in accruals and other payables		<b>(4,603)</b>	(5,581)
Decrease in contract liabilities		<b>(681)</b>	(6,159)
Net cash used in operating activities		<b>(10,698)</b>	(620)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>291</b>	1,961
Acquisition of assets	30	–	(11,800)
Acquisition of an associate		–	(26,764)
Addition of right-of-use assets	21	–	(906)
Loan to an associate		–	(38,281)
Purchase of property, plant and equipment		<b>(4,665)</b>	(10,827)
Proceeds from disposals of property, plant and equipment		<b>3</b>	377
(Increase)/Decrease in restricted bank deposits		<b>(417)</b>	8,436
Net cash used in investing activities		<b>(4,788)</b>	(77,804)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal portion of lease liabilities	34	(784)	(399)
Repayment of interest portion of lease liabilities	34	(66)	(36)
Net proceeds from placing of new shares	31	13,494	59,101
Net cash generated from financing activities		12,644	58,666
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
Effect of foreign exchange rate changes		858	(2,189)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>73,412</b>	<b>95,359</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>			
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Bank and cash balances		71,428	73,412

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. General Information

Grand Ocean Advanced Resources Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is 8/F, Hip Shing Hong Centre, No. 55 Des Voeux Road Central, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of its subsidiaries during the year ended 31 December 2025 were the production and sale of coal (the “**Coal Mining Business**”).

## 2. Basis of Preparation

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise all Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”), and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is the same as the functional currency of the Company.

### (d) Use of judgements and estimates

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors of the Company to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. Adoption of New or Amendments to HKFRS Accounting Standards

#### (a) Adoption of amendments to HKFRS Accounting Standards

The current year, the Group has applied for the first time the following amendments to HKFRS Accounting Standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The adoption of these amendments to HKFRS Accounting Standards have no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### (b) New or amendments to HKFRS Accounting Standards that have been issued but not yet effective

The following new or amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> No mandating effective date yet determined but available for adoption.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of other new or amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

### 3. Adoption of New or Amendments to HKFRS Accounting Standards (Continued)

#### (b) New or amendments to HKFRS Accounting Standards that have been issued but not yet effective (Continued)

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

*HKFRS 18 Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace *HKAS 1 Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors* and *HKFRS 7 Financial Instruments: Disclosures*. Minor amendments to HKAS 7 Statement of Cash Flows and *HKAS 33 Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 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. It is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group is currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

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

Non-controlling interests ("**NCIs**") represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. NCIs are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. NCIs are presented in the consolidated statement of profit or loss and consolidated statement of other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

## 4. Material Accounting Policies (Continued)

### (b) Associate

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

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment

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

### (c) Foreign currency translation

#### (i) Functional and presentation currency

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (c) Foreign currency translation (Continued)

##### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

##### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

## 4. Material Accounting Policies (Continued)

### (d) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Construction in progress represents assets under construction and is carried at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

Mining structures (including the main and auxiliary mine shafts underground tunnels) are depreciated at a units-of-production method over the estimated volume of underground coal that is entitled to the Group.

Depreciation of property, plant and equipment other than mining structures, is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4% – 5%
Leasehold improvements	Over lease term
Plant and machinery	10% – 33%
Furniture, fixtures and equipment	19% – 33%
Motor vehicles	13% – 25%

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### (e) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

An investment property is measured initially at its cost including all direct costs attributable to the property. After initial recognition, the investment property was stated at cost less accumulated depreciation and impairment losses. The depreciation was calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 20 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (f) Leases

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

##### Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

##### Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments; (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

## 4. Material Accounting Policies (Continued)

### (f) Leases (Continued)

#### Lease liability (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

### (g) Intangible assets

Intangible asset acquired separately is measured on initial recognition at cost.

The Group's intangible asset included the mining right which measured initially at purchase cost and is amortised at a units-of-production method over the estimated volume of underground coal that is entitled to the Group.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible asset with finite lives is tested for impairment when there is an indication that an asset may be impaired. Intangible asset is tested for impairment by comparing the carrying amount with its recoverable amount (see note 4(n) to the consolidated financial statements).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (i) Financial instruments

##### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *Debt instruments at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

##### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are 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. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 *Financial Instruments* (“HKFRS 9”) simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

## 4. Material Accounting Policies (Continued)

### (i) Financial instruments (Continued)

#### (ii) Impairment loss on financial assets (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non -credit impaired financial assets, interest income is calculated based on the gross carrying amount.

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including accruals and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (i) Financial instruments (Continued)

##### (vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

#### (j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

#### (k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

### 4. Material Accounting Policies (Continued)

#### (k) Revenue recognition (Continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Customers obtain control of the coal products when the goods are delivered to and have been accepted. Revenue is recognised upon when the customers accepted the coal products. There is generally only one performance obligation. Invoices are usually payable within 90 days.

Interest income is recognised as it accrued under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of the financial asset.

#### Contract liabilities

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

#### (l) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the period when the employees render the related service.

##### (ii) Pension obligations

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

##### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring cost and involves the payment of termination benefits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (m) Taxation

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

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

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

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

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and 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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## 4. Material Accounting Policies (Continued)

### (n) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment.

An impairment loss is recognised as an expense immediately through the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (the "CGU") to which the asset belongs. As a result, some assets are tested individually for impairment and some are tested at CGU level

Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU. Value in use is the present value of the estimated future cash flows of the asset or the CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset or the CGU whose impairment is being measured.

Impairment loss recognised for the CGU is allocated pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

In respect of other non-financial assets, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

### (o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. Material Accounting Policies (Continued)

#### (p) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as "Other income and gains", rather than reducing the related expense.

#### (q) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of key management personnel of the Company or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

## 5. Critical Judgements and Key Estimates

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations which are dealt with below).

(a) **Legal titles of certain buildings**

As stated in note 17(a) to the consolidated financial statements, the legal titles of certain buildings were not yet obtained as at 31 December 2024. Despite the fact that the Group had not obtained the relevant legal titles, the directors of the Company had determined to recognise those buildings as property, plant and equipment on the grounds that they expect the legal titles being to be obtained in future with no major difficulties and the Group is in substance controlling those buildings. As at 31 December 2025, the Group had obtained all the relevant official licenses in respect of the abovementioned property, plant and equipment.

(b) **Significant influence over Thaisan Jiujiu Investment Laos Trade Co., Ltd (“Thaisan Jiujiu”)**

The Group holds 52% equity interests in Thaisan Jiujiu. The directors of the Company assessed whether the Group has control over Thaisan Jiujiu based on the Group’s current practical ability to direct the relevant activities of Thaisan Jiujiu unilaterally. As detailed in note 18 to the consolidated financial statements, due to non-cooperation of the sole director and the remaining shareholder of Thaisan Jiujiu, the Group currently cannot exercise its control to direct the relevant activities of Thaisan Jiujiu through convening the shareholders’ meeting unilaterally. Meanwhile, the business partner of Thaisan Jiujiu is also unable to convene the shareholders’ meeting unilaterally without the Group’s consent and participation.

After taken into account the advice from the Company’s Laos legal adviser as stated in their legal opinion, the directors of the Company consider the Group still retains significant influence over Thaisan Jiujiu, given its 52% equity interests and the right to attend, vote and participate in the shareholders’ meeting. Any decisions to be made through the shareholders’ meeting shall lawfully require the Group’s consent.

### Key sources of estimation uncertainty

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

(c) **Estimated useful lives of property, plant and equipment**

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group’s property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. Critical Judgements and Key Estimates (Continued)

#### Key sources of estimation uncertainty (Continued)

##### (d) Impairment of non-financial assets

Determining whether the property, plant and equipment, intangible asset and right-of-use assets are impaired requires an estimation of the recoverable amount of the CGU to which the property, plant and equipment, intangible asset and right-of-use assets belong, by value in use and fair value less costs of disposal approaches. The Group estimates the future cash flows expected to be generated from the CGU and a suitable discount rate in order to calculate the present value. Where the future cash flows are less than expected, or there are changes in facts and circumstances which result in revisions of the estimated future cash flows, further impairment on the property, plant and equipment, intangible asset and right-of-use assets may arise.

The carrying amount of property, plant and equipment, intangible asset and right-of-use assets as at 31 December 2025 were approximately HK\$58,018,000 (2024: HK\$97,906,000), HK\$11,134,000 (2024: HK\$19,747,000) and HK\$9,069,000 (2024: HK\$11,751,000) respectively. Details are disclosed in note 17, 19 and 21 to the consolidated financial statements.

##### *Coal Mining Business cash-generating unit (the "Coal Mining CGU")*

The recoverable amounts of the assets of the Coal Mining CGU has been determined and approved by the directors of the Company based on the higher of fair value less cost of disposal and value in use approach. Value in use calculation is derived by reference to the discounted cash flow forecasts from formally approved budgets.

As at 31 December 2025, the carrying amount of the Group's property, plant and equipment, intangible asset and right-of-use assets allocated to the Coal Mining CGU is approximately HK\$46,066,000 (2024: HK\$84,996,000), HK\$11,134,000 (2024: HK\$19,747,000) and HK\$5,909,000 (2024: HK\$9,942,000) respectively.

Impairment loss on property, plant and equipment, intangible asset and right-of-use assets of approximately HK\$31,998,000 (2024: HK\$19,240,000), HK\$7,734,000 (2024: HK\$4,470,000) and HK\$4,105,000 (2024: HK\$2,250,000) were recognised for the year ended 31 December 2025 respectively. Details of the key assumptions used are disclosed in note 17(b) to the consolidated financial statements.

##### (e) Deferred tax assets

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or credit, as well as deferred tax balance. The Group had previously concluded that these tax losses could be utilised based on the estimated future taxable income according to the cash flow forecast for that subsidiary prepared by the management and deferred tax assets were recognised.

The carrying amount of deferred tax assets as at 31 December 2025 was approximately HK\$21,966,000 (2024: HK\$14,103,000).

## 5. Critical Judgements and Key Estimates (Continued)

### Key sources of estimation uncertainty (Continued)

#### (f) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets of approximately HK\$7,080,000 (2024: HK\$3,058,000) was credited (2024: credited) to profit or loss mainly based on the estimated assessable income.

#### (g) ECL on financial assets at amortised cost

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Other financial assets at amortised cost are measured by 12 months ECLs.

At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets at amortised cost is disclosed in note 6(b) to the consolidated financial statements.

As at 31 December 2025, accumulated ECL on trade receivables and loan to an associate amounted to approximately HK\$1,001,000 (2024: HK\$1,174,000) and HK\$10,973,000 (2024: HK\$2,298,000) respectively.

#### (h) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No addition allowance was made during the year ended 31 December 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Currency risk

The Group is exposed to currency risk primarily through sales and purchases and bank balances and cash that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk is primarily Renminbi ("RMB").

The carrying amounts of monetary assets and monetary liabilities are denominated in foreign currencies of the relevant group entities whose functional currency is HK\$ at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
RMB	<b>89,967</b>	94,373	<b>63,690</b>	68,128

The Group currently does not have foreign currency hedging policy. However, the management of the Group monitors foreign currency exposure for each business segment and reviews the needs of individual geographical area, and will consider appropriate hedging policy when necessary.

#### Sensitivity analysis

The currency risk is mainly arising from exchange rate of HK\$ against RMB.

The sensitivity analysis includes only monetary assets and monetary liabilities dominated in RMB. A positive/negative number below indicates a decrease/increase in loss for the year where HK\$ strengthens by 10% (2024: 10%) against RMB. For a 10% (2024: 10%) weakening of HK\$ against RMB, there would be an equal and opposite impact on the loss for the year. 10% (2024: 10%) represents the assessment of the reasonably possible change in foreign exchange rates made by the management of the Group.

	2025 HK\$'000	2024 HK\$'000
Decrease/(Increase) in loss for the year	<b>2,628</b>	2,625

## 6. Financial Risk Management (Continued)

### (b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and loan to an associate. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the debtors operate. Normally, the Group does not obtain collateral from debtors.

The Group has no significant concentration of credit risk.

#### Trade receivables

The Group has policies in place to trade with customers with an appropriate credit history.

The Group applies the HKFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. The Group measures the ECLs on an individual basis.

Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for the loss allowance. As at 31 December 2025, the balance of loss allowance in respect of these individually assessed receivables was approximately HK\$1,001,000 (2024: HK\$1,174,000).

The following table presents the balances of gross carrying amount and the loss allowance in respect of the individually assessed receivables as at 31 December 2025 and 2024:

	2025 HK\$'000	2024 HK\$'000
Gross carrying amount	1,001	1,174
Loss allowance	(1,001)	(1,174)
Net carrying amount	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. Financial Risk Management (Continued)

#### (b) Credit risk (Continued)

##### Other receivables

To manage the risk arising from other receivables, the Group only transacts with reputable parties that have no default history and have a strong capacity to meet its contractual cash flow obligations in the near term.

The management of the Group has assessed that the ECLs for other receivables are not significant.

##### Loan to an associate

As at 31 December 2025, the Group's loan to an associate amounted to approximately HK\$29,029,000, net of ECL of approximately HK\$10,973,000. The loss allowance for the loan is measured at an amount equal to 12-month ECLs. The Group has engaged an independent professional valuer to conduct the ECL assessment. Based on the assessment, approximately HK\$8,675,000 (2024: HK\$2,298,000) was recognised during the year ended 31 December 2025 as the amount of ECLs on the loan to an associate.

##### Restricted bank deposits and bank and cash balances

There is no loss allowance for restricted bank deposits and bank and cash balances as at 31 December 2025 (2024: Nil).

The credit risk on restricted bank deposits and bank and cash balances is limited because the counterparties are state-owned financial institutions and reputable banks.

## 6. Financial Risk Management (Continued)

### (c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash 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 non-derivative financial liabilities, based on 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.

	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash outflows HK\$'000	Carrying amount HK\$'000
<b>As at 31 December 2025</b>					
Accruals and other payables	63,090	–	–	63,090	63,090
Lease liabilities	1,681	1,479	–	3,160	3,055
	<b>64,771</b>	<b>1,479</b>	<b>–</b>	<b>66,250</b>	<b>66,145</b>
<b>As at 31 December 2024</b>					
Accruals and other payables	66,743	–	–	66,743	66,743
Lease liabilities	756	756	378	1,890	1,788
	67,499	756	378	68,633	68,531

### (d) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances (notes 26 and 27 to the consolidated financial statements).

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (including restricted bank deposits and bank balances) at the end of the reporting period and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of restricted bank deposits and bank balances.

10 basis points (2024: 10 basis points) increase or decrease on variable-rate restricted bank deposits and bank balances are used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate restricted bank deposits and bank balances had been 10 basis points (2024: 10 basis points) higher/lower and all other variables were held constant, the loss for the year would have increased/decreased by approximately HK\$72,000 (2024: HK\$74,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. Financial Risk Management (Continued)

#### (e) Categories of financial instruments at 31 December

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets:</b>		
Financial assets at amortised cost	102,555	110,265
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	67,944	71,388

#### (f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities at amortised cost as reflected in the consolidated statement of financial position approximate their respective fair values.

### 7. Revenue

An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Sale of coal	161,552	180,934

The Group recognised sale of coal of approximately HK\$161,552,000 (2024: HK\$180,934,000) during the year ended 31 December 2025 under the Coal Mining Business. Sale of coal is recognised at a point in time and its external customers were located in the People's Republic of China (the "PRC") entirely.

The following table provides information about contract liabilities from contracts with customers:

	2025 HK\$'000	2024 HK\$'000
Contract liabilities	2,389	2,952

The contract liabilities mainly relate to the advance consideration received from customers under Coal Mining Business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 7. Revenue (Continued)

Movement in contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 January	2,952	9,322
Increase in contract liabilities as a result of receipt in advance consideration received from customers	160,871	174,775
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities		
– at the beginning of the year	(2,289)	(2,984)
– during the year	(159,263)	(177,950)
Exchange difference	118	(211)
Balance as at 31 December	2,389	2,952

### 8. Other Income and Gains

	2025 HK\$'000	2024 HK\$'000
Interest income	291	1,961
Government grants ( <i>note (i)</i> )	247	–
Foreign exchange gains, net	1,720	–
Sundry income ( <i>note (ii)</i> )	627	1,410
	2,885	3,371

Notes:

- (i) During the year ended 31 December 2025, the Group received grants from the local PRC government for supporting stabilisation of employment amounting to approximately HK\$247,000. There was no unfulfilled conditions or contingencies relating to these grants.
- (ii) It included service income of approximately HK\$513,000 (2024: HK\$1,277,000) generated from outsourcing the coal mine rescue team service.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 9. Segment Information

The Group determines its operating segments based on the business from products/services perspective. For the year ended 31 December 2025 and 2024, the Group has only one reportable operating segment which is Coal Mining Business. Thus, no operating segments have been aggregated to form the above reportable operating segment.

#### Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and interest in an associate) by location of assets are detailed below:

	Revenue		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	–	–	15,112	14,719
The PRC except Hong Kong	161,552	180,934	64,935	116,548
Consolidated total	161,552	180,934	80,047	131,267

Revenue from major customers:

For the year ended 31 December 2025, revenue from two customers (2024: two) have contributed 10% or more of the Group's revenue for the year. Details were as below:

	2025 HK\$'000	2024 HK\$'000
<b>Coal Mining Business</b>		
Customer A	102,010	26,310
Customer B	22,262	–
Customer C	N/A <sup>1</sup>	65,807

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

### 10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	66	36

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 11. Loss Before Tax

The Group's loss before tax is stated after charging/(crediting) the following:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration	720	680
Amortisation of intangible assets (note 19)	1,563	1,967
Cost of inventories sold (note (i))	96,624	113,465
Depreciation of		
– Property, plant and equipment (note 17)	15,034	16,172
– Investment property (note 20)	118	118
– Right-of-use assets (note 21) included within		
– Properties	700	369
– Ownership interests in leasehold land and buildings	278	256
Foreign exchange (gain)/loss, net	(1,720)	2,465
Loss on disposal of property, plant and equipment, net	423	396
Short-term leases expenses	129	289
Administrative fines (note (ii))	291	650

Notes:

- (i) Cost of inventories sold includes staff costs (note 13), amortisation of intangible asset (note 19) and depreciation of property, plant and equipment and right-of-use assets (notes 17 and 21) of approximately HK\$43,446,000 (2024: HK\$46,276,000) which are included in the amounts disclosed separately.
- (ii) During the year ended 31 December 2025, the Group incurred several administrative fines in aggregate amount of RMB268,000 (equivalent to approximately HK\$291,000) (2024: RMB600,000 (equivalent to approximately HK\$650,000)) paid to the local government authorities in relation to workplace safety matters for the year.

### 12. Income Tax Credit

Income tax credit has been recognised in profit or loss as follows:

	2025 HK\$'000	2024 HK\$'000
Deferred tax (note 22)	(7,080)	(3,058)

- (a) No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2025 as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil).

Under the law of the PRC on Enterprise Income Tax (the "EIT law") and Implementation Regulation of the EIT law, the tax rate applicable to the PRC subsidiaries is 25% (2024: 25%). No provision for PRC Enterprise Income Tax has been made for the year ended 31 December 2025 and 2024 as the PRC subsidiaries did not generate any assessable profits arising in the PRC during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 12. Income Tax Credit (Continued)

- (b) The reconciliation between income tax credit and loss before tax at the applicable tax rates is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(76,503)	(66,841)
Tax at the PRC Enterprise Income Tax rate of 25% (2024: 25%)	(19,126)	(16,710)
Effect of different tax rates applicable to different subsidiaries of the Group	2,317	2,893
Tax effect of expenses that are not deductible	779	573
Tax effect of income that is not taxable	(41)	(306)
Tax effect of temporary differences not recognised	4,355	4,450
Tax effect of tax losses not recognised	4,636	6,042
Income tax credit	(7,080)	(3,058)

### 13. Employee Benefits Expense (Including Directors' Emoluments)

	2025 HK\$'000	2024 HK\$'000
Salaries, bonuses and allowances	79,521	89,466
Retirement benefit scheme contributions	6,875	6,346
	86,396	95,812

The Group operates/participates in the following pension and post retirement plans:

- (i) The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. As at 31 December 2025 and 2024, no forfeited contributions are available to reduce the contribution payable in future years.
- (ii) Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Group is required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 13. Employee Benefits Expense (Including Directors' Emoluments) (Continued)

#### Five highest paid individuals

The five highest paid individuals in the Group during the year ended 31 December 2025 included one (2024: one) director whose emoluments are reflected in the analysis presented in note 14 to the consolidated financial statements. The emoluments of the remaining four (2024: four) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Basic salaries and allowances	4,617	4,700
Discretionary bonus	1,457	2,431
Retirement benefit scheme contribution	51	71
	<b>6,125</b>	<b>7,202</b>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK\$500,001 – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	3	1
HK\$1,500,001 – HK\$2,000,000	–	2
HK\$2,000,001 – HK\$2,500,000	1	1
	<b>4</b>	<b>4</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. Benefits and Interests of Directors

#### Directors' emoluments

The emoluments of each director is set out below:

	Fees HK\$'000	Salaries and allowance HK\$'000	Discretionary Bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2025</b>					
Executive Director					
Mr. Ng Ying Kit	–	2,040	1,000	18	3,058
Non-Executive Director					
Ms. Kwong Pui Yin (note (v))	360	–	–	–	360
Independent Non-Executive Directors					
Mr. Lee Wai Ming	240	–	–	–	240
Mr. Chang Xuejun	240	–	–	–	240
Mr. Li Juhui (note (vii))	120	–	–	–	120
	<b>960</b>	<b>2,040</b>	<b>1,000</b>	<b>18</b>	<b>4,018</b>
<b>For the year ended 31 December 2024</b>					
Executive Directors					
Mr. Ng Ying Kit	–	1,940	–	18	1,958
Mr. Guo Jianpeng (note (i))	–	217	–	11	228
Mr. Jiang Xin (note (ii))	270	–	–	–	270
Ms. Yang Mo (note (iii))	–	70	–	3	73
Non-Executive Directors					
Mr. Hu Xiutong (note (iv))	32	–	–	–	32
Ms. Kwong Pui Yin (note (v))	35	–	–	–	35
Independent Non-Executive Directors					
Mr. Lee Wai Ming	240	–	–	–	240
Mr. Chang Xuejun	240	–	–	–	240
Mr. Ho Man (note (vi))	71	–	–	–	71
Mr. Li Juhui (note (vii))	85	–	–	–	85
	<b>973</b>	<b>2,227</b>	<b>–</b>	<b>32</b>	<b>3,232</b>

### 14. Benefits and Interests of Directors (Continued)

#### Directors' emoluments (Continued)

Notes:

- (i) Resigned as executive director on 26 November 2024
- (ii) Resigned as executive director on 30 September 2024
- (iii) Appointed as executive director on 5 April 2024 and resigned as executive director on 19 July 2024
- (iv) Resigned as non-executive director on 5 April 2024
- (v) Appointed as non-executive director on 26 November 2024
- (vi) Resigned as independent non-executive director on 17 April 2024
- (vii) Appointed as independent non-executive director on 17 April 2024

Neither the chief executive nor any of the directors waived any emoluments during the year ended 31 December 2025 and 2024.

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

### 15. Dividends

The directors do not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

### 16. Loss Per Share

#### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year ended 31 December 2025 attributable to owners of the Company of approximately HK\$50,966,000 (2024: HK\$50,768,000) and the weighted average number of ordinary shares of approximately 213,137,245 (2024: 199,062,382) in issue during the year.

#### Diluted loss per share

For the year ended 31 December 2025 and 2024, diluted loss per share was equal to the basic loss per share as there was no dilutive potential ordinary share in issue for both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 17. Property, Plant and Equipment

	Buildings HK\$'000 (note a)	Leasehold improvements HK\$'000	Mining structures HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Cost</b>								
At 1 January 2024	108,828	12,114	118,155	206,207	33,288	18,473	-	497,065
Additions	473	-	-	3,699	1,301	4,631	723	10,827
Acquisition of assets (note 30)	11,522	414	-	-	-	-	-	11,936
Disposals/write off	(583)	-	-	(2,332)	(317)	(1,833)	-	(5,065)
Exchange differences	(3,749)	(418)	(4,072)	(7,132)	(1,127)	(661)	(13)	(17,172)
At 31 December 2024	116,491	12,110	114,083	200,442	33,145	20,610	710	497,591
At 1 January 2025	116,491	12,110	114,083	200,442	33,145	20,610	710	497,591
Additions	244	-	-	3,656	16	749	-	4,665
Disposals/write off	-	-	-	-	-	(976)	-	(976)
Exchange differences	4,726	526	5,130	9,095	1,441	859	32	21,809
At 31 December 2025	121,461	12,636	119,213	213,193	34,602	21,242	742	523,089
<b>Accumulated depreciation and impairment</b>								
At 1 January 2024	78,097	3,459	81,463	183,849	25,516	9,866	-	382,250
Charge for the year	3,035	2,390	2,588	3,490	1,525	3,144	-	16,172
Disposals/write off	(283)	-	-	(2,316)	(297)	(1,396)	-	(4,292)
Impairment loss	5,018	1,114	6,090	4,033	1,336	1,518	131	19,240
Exchange differences	(2,826)	(181)	(2,962)	(6,430)	(889)	(395)	(2)	(13,685)
At 31 December 2024	83,041	6,782	87,179	182,626	27,191	12,737	129	399,685
At 1 January 2025	83,041	6,782	87,179	182,626	27,191	12,737	129	399,685
Charge for the year	3,028	2,413	2,176	3,175	1,502	2,740	-	15,034
Disposals/write off	-	-	-	-	-	(550)	-	(550)
Impairment loss	8,491	1,097	10,518	7,763	1,894	1,989	246	31,998
Exchange differences	3,964	380	4,199	8,454	1,249	646	12	18,904
At 31 December 2025	98,524	10,672	104,072	202,018	31,836	17,562	387	465,071
<b>Carrying amount</b>								
At 31 December 2025	22,937	1,964	15,141	11,175	2,766	3,680	355	58,018
At 31 December 2024	33,450	5,328	26,904	17,816	5,954	7,873	581	97,906

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 17. Property, Plant and Equipment (Continued)

Notes:

- (a) At 31 December 2024, the carrying amount of certain buildings amounted to approximately HK\$15,083,000 for which relevant legal titles had not yet been obtained. As at 31 December 2025, the Group had obtained all relevant official licenses of the buildings.
- (b) The Coal Mining CGU is tested for impairment during the year ended 31 December 2025. For the purpose of impairment testing, the carrying amounts of property, plant and equipment of approximately HK\$46,066,000, intangible asset of approximately HK\$11,134,000 and right-of-use assets of approximately HK\$5,909,000 were allocated to the Coal Mining CGU. The recoverable amount of the Coal Mining CGU has been determined with reference to the valuation prepared by Roma Appraisals Limited, an independent valuation firm not connected to the Group.

The recoverable amount of the Coal Mining CGU has been determined from value in use calculation based on cash flow projections from formally approved budgets. Key assumptions adopted in the cash flow forecast of the Coal Mining CGU are as follows:

Inflation rate	(i)	2.5%
Production volume	(ii)	850,000
Unit price	(iii)	RMB190
Pre-tax discount rate	(iv)	14.39%

- (i) Inflation rate of 2.5% per annum (2024: 2.5%) is applied in the cash flow forecast for the period until the expiry date of the business license which does not exceed the long-term growth rate in the PRC.
- (ii) Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited (“**Inner Mongolia Jinyuanli**”), an indirect non-wholly owned subsidiary of the Company, will continue to operate the coal mine of the Inner Mongolia Mine 958 (“**Inner Mongolia Mine 958**”) at annual coal production output level of 850,000 tonnes (2024: 900,000 tonnes) for the period until the expiry date of the business license.
- (iii) The coal from the Inner Mongolia Mine 958 will be sold at the average selling price of RMB190 (2024: RMB191) per tonne with value-added tax for 2026 with an increase in average selling price of 2.5% (2024: 2.5%) in the subsequent years for the period until the expiry date of the business license.
- (iv) Pre-tax discount rate of approximately 14.39% (2024: 16.58%) is adopted based on the assessment of the discount rate analysis independently performed by an independent valuer, Roma Appraisals Limited, engaged by the Company.

Based on the impairment assessment, impairment loss of approximately HK\$31,998,000, HK\$7,734,000 and HK\$4,105,000 had been made in respect of property, plant and equipment, intangible asset and right-of-use assets respectively during the year ended 31 December 2025.

The key inputs used in value in use calculation including inflation rate, production volume, unit price and pre-tax discount rate, any adverse change in the key assumptions used to calculate the recoverable amount would result in further impairment loss. Sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

	Change in key assumptions, holding other inputs constant	Further impairment loss HK\$'000
Inflation rate	Reduced by 1 point	133
Production volume	Reduced by 1%	3,902
Unit price	Reduced by 0.5%	3,560
Discount rate	Increased by 1%	1,518

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. Interest in An Associate and Loan to An Associate

	2025 HK\$'000	2024 HK\$'000
<b>Interest in an associate</b>		
Cost of investment in an associate	26,764	26,764
Share of post-acquisition losses and other comprehensive income	(3,203)	(2,029)
	<b>23,561</b>	24,735
<b>Loan to an associate</b>		
Gross carrying amount	40,002	38,281
Expected credit loss on loan to an associate	(10,973)	(2,298)
	<b>29,029</b>	35,983

Details of the Group's associate as at the end of the reporting period are as follows:

Name of entity	Place of incorporation/registration and operation	Equity interest attributable to the Group		Principal activities
		2025	2024	
Thaisan Jiujiu	Lao People's Democratic Republic ("Laos")	52%	52%	Copper mining

Notes:

- (1) Thaisan Jiujiu holds 51% equity interests in Lao Taishan Jiujiu Mining Co., Ltd ("**Jiujiu Mining**"), a company incorporated in Laos, which owns a copper mine in Laos.
- (2) On 26 August 2024, the Group completed the acquisition of 52% equity interests in Thaisan Jiujiu at a cash consideration of RMB24,800,000 (equivalent to approximately HK\$26,764,000). Thaisan Jiujiu and its non-wholly owned subsidiary, Jiujiu Mining, (collective referred to as the "**Laos Companies**") are principally engaged in copper mining in Laos.

The directors of the Company assessed whether the Group has control over Thaisan Jiujiu based on the Group's current practical ability to direct the relevant activities of Thaisan Jiujiu unilaterally. Due to non-cooperation of the sole director and the business partner of Thaisan Jiujiu since early of 2025, the Group currently cannot exercise its control to direct the relevant activities of Thaisan Jiujiu through convening the shareholders' meeting unilaterally. Meanwhile, the business partner of Thaisan Jiujiu is also unable to convene the shareholders' meeting unilaterally without the Group's consent and participation.

After taken into account the advice from the Company's Laos legal adviser as stated in their legal opinion, the directors of the Company consider the Group still retains significant influence over Thaisan Jiujiu, given its 52% equity interests and the right to attend, vote and participate in the shareholders' meeting. Any decisions to be made through the shareholders' meeting shall lawfully require the Group's consent

- (3) The most recent financial information possessed by the Group for the preparation of the Group's consolidated financial statements for the year ended 31 December 2025 was the unaudited financial information of the Laos Companies for the four months ended 30 April 2025.
- (4) As at 31 December 2025, the loan to an associate with a principal amount of RMB36,000,000 (equivalent to approximately HK\$40,002,000) (2024: RMB36,000,000 (equivalent to approximately HK\$38,281,000)) is unsecured, interest free and repayable on demand. An addition of expected credit loss of approximately RMB7,714,000 (equivalent to approximately HK\$8,675,000) is recognised during the year ended 31 December 2025 (2024: RMB2,161,000 (equivalent to approximately HK\$2,298,000)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. Interest in An Associate and Loan to An Associate (Continued)

Summarised financial information in respect of the Laos Companies which is accounted for using equity method in these consolidated financial statements is set out below. The summarised financial information of the Laos Companies is prepared in accordance with HKFRS Accounting Standards.

	<b>2025</b> <b>HK\$'000</b> <i>(Note (3))</i>	2024 HK\$'000
Current assets	<b>18,443</b>	5,904
Non-current assets	<b>459,503</b>	442,816
Current liabilities	<b>(220,241)</b>	(191,403)
Non-current liabilities	<b>(113,163)</b>	(109,958)
Net assets	<b>144,542</b>	147,359
The Group's share of net assets of the Laos Companies	<b>19,535</b>	20,823
Goodwill	<b>4,026</b>	3,912
Carrying amount of the Group's interest in the Laos Companies	<b>23,561</b>	24,735
Revenue	–	–
Loss for the period	<b>(7,000)</b>	(6,333)
Other comprehensive income for the period	<b>4,183</b>	(2,233)
Total comprehensive expense for the period	<b>(2,817)</b>	(8,566)
Dividend received	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. Intangible Asset

	Mining right	
	2025 HK\$'000	2024 HK\$'000
<b>Cost</b>		
At 1 January	<b>82,942</b>	85,903
Exchange differences	<b>3,730</b>	(2,961)
At 31 December	<b>86,672</b>	82,942
<b>Accumulated amortisation and impairment</b>		
At 1 January	<b>63,195</b>	58,903
Amortisation for the year	<b>1,563</b>	1,967
Impairment loss for the year	<b>7,734</b>	4,470
Exchange differences	<b>3,046</b>	(2,145)
At 31 December	<b>75,538</b>	63,195
<b>Carrying amount</b>		
At 31 December	<b>11,134</b>	19,747

#### Coal Mining Business

As at 31 December 2025, the intangible assets amounted to approximately HK\$11,134,000 (2024: HK\$19,747,000) represented the purchase cost of the exclusive right for certain volume of underground coal at the Inner Mongolia Mine 958 which expires on 4 July 2037.

The average remaining amortisation period of the mining right is approximately 11.52 years (2024: 12.52 years).

During the year ended 31 December 2025, intangible asset, together with the property, plant and equipment and right-of-use assets, are allocated to the Coal Mining CGU for impairment testing. Based on the assessment, impairment loss of approximately HK\$7,734,000 (2024: HK\$4,470,000) had been recognised in intangible asset. Details are set out in note 17(b) to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 20. Investment Property

	HK\$'000
<b>Cost</b>	
At 1 January 2024	2,518
Exchange differences	(87)
At 31 December 2024	2,431
At 1 January 2025	<b>2,431</b>
Exchange differences	<b>109</b>
At 31 December 2025	<b>2,540</b>
<b>Accumulated depreciation</b>	
At 1 January 2024	469
Charge for the year	118
Exchange differences	(19)
At 31 December 2024	568
At 1 January 2025	<b>568</b>
Charge for the year	<b>118</b>
Exchange differences	<b>28</b>
At 31 December 2025	<b>714</b>
<b>Carrying amount</b>	
At 31 December 2025	<b>1,826</b>
At 31 December 2024	1,863

At 31 December 2025 and 2024, the Group's investment property was situated in the PRC.

At 31 December 2025, the fair value of the Group's investment property was approximately HK\$1,878,000 (2024: HK\$1,787,000). The directors of the Company use the market comparable approach to assess the fair value of the investment property. The market comparable approach was based on market evidence of recent transactions for similar properties and adjusted to reflect the conditions and locations of the subject property.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. Leases

#### Nature of leasing activities

The Group leased properties in Hong Kong and obtained ownership interests in leasehold land and buildings situated in Inner Mongolia. The lease of a property typically run for a period of two to three years and the leasehold land and building have a lease term of 50 years. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

#### Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	Ownership interests in leasehold land and buildings HK\$'000	Properties HK\$'000	Total HK\$'000
Balance at 1 January 2024	11,924	77	12,001
Addition for the year	906	2,101	3,007
Depreciation charge for the year	(256)	(369)	(625)
Impairment loss for the year	(2,250)	–	(2,250)
Exchange difference	(382)	–	(382)
Balance at 31 December 2024	9,942	1,809	11,751
Balance at 1 January 2025	<b>9,942</b>	<b>1,809</b>	<b>11,751</b>
Addition for the year	–	<b>2,051</b>	<b>2,051</b>
Depreciation charge for the year	<b>(278)</b>	<b>(700)</b>	<b>(978)</b>
Impairment loss for the year	<b>(4,105)</b>	–	<b>(4,105)</b>
Exchange difference	<b>350</b>	–	<b>350</b>
Balance at 31 December 2025	<b>5,909</b>	<b>3,160</b>	<b>9,069</b>

During the year ended 31 December 2025, right-of-use assets, together with the property, plant and equipment and intangible asset, are allocated to the Coal Mining CGU for impairment testing. Based on the assessment, impairment loss of approximately HK\$4,105,000 (2024: HK\$2,250,000) had been recognised in right-of-use assets. Details are set out in note 17(b) to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. Leases (Continued)

#### Lease liabilities

The present value of future lease payments of the Group's leases is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Current	1,596	690
Non-current	1,459	1,098
	<b>3,055</b>	1,788

Movement of the Group's lease liabilities is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	1,788	86
Addition	2,051	2,101
Interest expense (note 10)	66	36
Lease payment of principal portion	(784)	(399)
Lease payment of interest portion	(66)	(36)
Balance at 31 December	<b>3,055</b>	1,788

Future lease payments are due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
<b>31 December 2025</b>			
Within one year	1,681	85	1,596
More than one year but less than two years	1,479	20	1,459
	<b>3,160</b>	<b>105</b>	<b>3,055</b>
<b>31 December 2024</b>			
Within one year	756	66	690
More than one year but less than two years	756	32	724
More than two years but less than five years	378	4	374
	1,890	102	1,788

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 22. Deferred Tax

The following are the deferred tax assets/(liabilities) recognised by the Group:

	Tax depreciation HK\$'000	Tax losses HK\$'000	Other temporary difference HK\$'000	Fair value adjustment arising from acquisition of assets HK\$'000	Undistributed earnings of the PRC subsidiaries HK\$'000	Tax on gain from intergroup debts transfer and interest income HK\$'000	Total HK\$'000
At 1 January 2024	1,712	9,787	(6)	–	(1,143)	(14,332)	(3,982)
(Charged)/credited to profit or loss for the year (note 12)	5,772	(2,717)	–	3	–	–	3,058
Acquisition of assets (note 30)	–	–	–	(136)	–	–	(136)
Exchange differences	(162)	(289)	–	–	–	495	44
<b>At 31 December 2024 and 1 January 2025</b>	<b>7,322</b>	<b>6,781</b>	<b>(6)</b>	<b>(133)</b>	<b>(1,143)</b>	<b>(13,837)</b>	<b>(1,016)</b>
(Charged)/credited to profit or loss for the year (note 12)	7,085	(12)	–	7	–	–	7,080
Exchange differences	485	305	–	–	–	(623)	167
<b>At 31 December 2025</b>	<b>14,892</b>	<b>7,074</b>	<b>(6)</b>	<b>(126)</b>	<b>(1,143)</b>	<b>(14,460)</b>	<b>6,231</b>

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	21,966	14,103
Deferred tax liabilities	(15,735)	(15,119)
	<b>6,231</b>	<b>(1,016)</b>

At the end of the reporting period, the Group has unused tax losses of approximately HK\$28,294,000 (2024: HK\$27,125,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$28,294,000 (2024: HK\$27,125,000) of such losses. These unrecognised tax losses are available for offsetting against future taxable profits in one to five years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 23. Inventories

	2025 HK\$'000	2024 HK\$'000
Finished goods	145	179
Consumables	3,994	3,557
	<b>4,139</b>	3,736

### 24. Trade Receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	1,001	1,174
Impairment loss on trade receivables	(1,001)	(1,174)
	-	-

Payment in advance are required by the Group but credit terms of 90 days are granted to certain key customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management.

Reconciliation of impairment loss on trade receivables:

	2025 HK\$'000	2024 HK\$'000
At 1 January	1,174	1,216
Write-off	(221)	-
Exchange differences	48	(42)
At 31 December	<b>1,001</b>	1,174

The carrying amounts of the Group's trade receivables are denominated in RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 25. Deposits, Prepayments and Other Receivables

	2025 HK\$'000	2024 HK\$'000
Deposits	506	139
Prepayments	758	567
Other receivables	1,006	578
	<b>2,270</b>	1,284

### 26. Restricted Bank Deposits

The Group's restricted bank deposits of approximately HK\$586,000 (2024: HK\$153,000) are the deposits kept for the Coal Mining Business for the purpose of complying related coal mining regulation and in the PRC regulatory restriction. The aforesaid deposits are in RMB and at market interest rate.

### 27. Bank and Cash Balances

At 31 December 2025, the Group's bank and cash balances denominated in RMB and USD and kept in the PRC amounted to approximately HK\$59,738,000 (2024: HK\$57,652,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

### 28. Accruals and Other Payables

	2025 HK\$'000	2024 HK\$'000
Accruals	33,205	31,630
Other payables	18,061	22,095
Payable related to the settlement	19,012	18,194
	<b>70,278</b>	71,919

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29. Provision for Environmental Rehabilitation and Restoration

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	4,645	4,811
Exchange differences	209	(166)
Balance at 31 December	4,854	4,645
Presented as:		
Non-current portion	4,854	4,645

Provision represents the best estimates on land subsidence, restoration, rehabilitation and environmental costs determined by the directors of the Company. However, in so far as the effect on the land and the environment from current mining activities become apparent in future periods, the estimate of the associated costs may be subject to revision in the future.

### 30. Acquisition of Assets

#### For the year ended 31 December 2024

On 2 August 2024, the Group completed the acquisition of the entire equity interests in FatBoy Limited at a cash consideration of HK\$11,800,000. As at the date of acquisition, FatBoy Limited holds a property in Hong Kong for administrative purpose. Given the underlying set of assets acquired were not integrated in forming businesses to generate revenue, the directors of the Company were of the opinion that the acquisition was purchase of net assets which did not constitute business combinations for accounting purpose.

The identifiable assets and liabilities of FatBoy Limited as at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	11,936
Deferred tax liabilities	(136)
Net assets acquired	11,800
Satisfied by:	
Cash consideration	11,800
Net cash outflow arising on acquisition	
Cash consideration	11,800

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 31. Share Capital

	Authorised	
	Number of ordinary shares	HK\$'000
At 1 January 2024, at par value of HK\$0.01 each	100,000,000,000	1,000,000
Share consolidation ( <i>note (ii)</i> )	(90,000,000,000)	–
<b>At 31 December 2024 and 2025, at par value of HK\$0.1 each</b>	<b>10,000,000,000</b>	<b>1,000,000</b>

	Issued and fully paid	
	Number of ordinary shares	HK\$'000
At 1 January 2024, at par value of HK\$0.01 each	1,723,477,166	17,235
Placing of new shares ( <i>note (i)</i> )	322,692,000	3,227
Share consolidation ( <i>note (ii)</i> )	(1,841,552,250)	–
<b>At 31 December 2024 and 1 January 2025, at par value of HK\$0.1 each</b>	<b>204,616,916</b>	<b>20,462</b>
<b>Placing of new shares (<i>note (iii)</i>)</b>	<b>40,920,000</b>	<b>4,092</b>
<b>At 31 December 2025, at par value of HK\$0.1 each</b>	<b>245,536,916</b>	<b>24,554</b>

*Notes:*

- (i) On 4 March 2024, the Company completed the placing of 322,692,000 new shares (with a nominal value of HK\$3,226,920) to not less than six placees who and whose ultimate beneficial owners are independent third parties to the Company at the placing price of HK\$0.185 per placing share (the “**2024 Placing**”). The gross proceeds from the 2024 Placing were approximately HK\$59,698,000, and the net proceeds were approximately HK\$59,101,000 after issuance costs of approximately HK\$597,000. These shares rank pari passu in all respects with other shares in issue.

Accordingly, amount of approximately HK\$3,227,000 were credited to share capital and the remaining proceeds (net of issuance costs) of approximately HK\$55,874,000 were credited to share premium.

- (ii) Pursuant to the ordinary resolution passed by the shareholders of the Company on 23 October 2024, every ten issued and unissued ordinary shares of Company at par value of HK\$0.01 each had been consolidated into one consolidated share at par value of HK\$0.1 each. The share consolidation became effective as from 25 October 2024.

- (iii) On 17 October 2025, the Company completed the placing of 40,920,000 new shares (with a nominal value of HK\$4,092,000) to not less than six placees who and whose ultimate beneficial owners are independent third parties to the Company at the placing price of HK\$0.335 per placing share (the “**2025 Placing**”). The gross proceeds from the 2025 Placing were approximately HK\$13,708,000, and the net proceeds were approximately HK\$13,494,000 after issuance costs of approximately HK\$214,000. These shares rank pari passu in all respects with other shares in issue.

Accordingly, amount of approximately HK\$4,092,000 were credited to share capital and the remaining proceeds (net of issuance costs) of approximately HK\$9,402,000 were credited to share premium.

## 31. Share Capital (Continued)

### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to recognise the return to the shareholders through the recognition of the debt and equity balance. Capital comprises all components of equity (i.e. share capital, accumulated losses and other reserves) except for non-controlling interests, which remains unchanged from prior year. As at 31 December 2025, total equity of approximately HK\$109,520,000 (2024: HK\$144,163,000) was managed by the Group as capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Consistent with industry practice, the Group monitors its capital structure on the basis of gearing ratio, which is the total borrowings divided by total equity. As at 31 December 2025, the Group's gearing ratio was nil (2024: nil).

The only externally imposed capital requirement is that, for the Group to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars quarterly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 32. Statement of Financial Position of the Company

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Right-of-use assets		1,109	1,809
Investments in subsidiaries		37,012	37,012
		<b>38,121</b>	38,821
<b>Current assets</b>			
Due from subsidiaries		95,762	144,496
Deposits and prepayment		351	265
Bank and cash balances		175	346
		<b>96,288</b>	145,107
<b>Current liabilities</b>			
Accruals and other payables		2,219	3,229
Lease liabilities		723	690
		<b>2,942</b>	3,919
<b>Net current assets</b>		<b>93,346</b>	141,188
<b>Total assets less current liabilities</b>		<b>131,467</b>	180,009
<b>Non-current liabilities</b>			
Lease liabilities		374	1,098
<b>NET ASSETS</b>		<b>131,093</b>	178,911
<b>Capital and reserves</b>			
Share capital	31	24,554	20,462
Reserves	33(a)	106,539	158,449
<b>TOTAL EQUITY</b>		<b>131,093</b>	178,911

Approved by the Board of Directors on 31 March 2026 and signed on its behalf by:

\_\_\_\_\_  
**NG Ying Kit**  
*Director*

\_\_\_\_\_  
**KWONG Pui Yin**  
*Director*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. Other Reserves

#### (a) Company

	Share premium HK\$'000	Capital reserve HK\$'000	Distributable reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	136,701	3,917	135,282	(152,168)	123,732
Total comprehensive income for the year	–	–	–	(21,157)	(21,157)
Placing of new shares ( <i>note 31</i> )	55,874	–	–	–	55,874
At 31 December 2024	192,575	3,917	135,282	(173,325)	158,449
At 1 January 2025	<b>192,575</b>	<b>3,917</b>	<b>135,282</b>	<b>(173,325)</b>	<b>158,449</b>
Total comprehensive income for the year	–	–	–	(61,312)	(61,312)
Placing of new shares ( <i>note 31</i> )	<b>9,402</b>	–	–	–	<b>9,402</b>
At 31 December 2025	<b>201,977</b>	<b>3,917</b>	<b>135,282</b>	<b>(234,637)</b>	<b>106,539</b>

#### (b) Nature and purpose of reserves

##### (i) Capital reserve

The capital reserve of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

##### (ii) Distributable reserve

On 22 March 2017, the authorised and issued share capital of the Company was reduced through a reduction in the nominal value of each shares from HK\$0.50 to HK\$0.01. The credit balance of the capital reduction amount after reducing the accumulated losses of the Company was transferred to distributable reserve.

##### (iii) Future development fund

Pursuant to the relevant PRC regulations, the Group is required to set aside an amount to a future development fund at RMB9.5 (2024: RMB10.5) per tonne of raw coal mined. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditure, an equivalent amount is transferred from future development fund to accumulated losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. Other Reserves (Continued)

#### (b) Nature and purpose of reserves (Continued)

##### (iv) Safety fund

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund at RMB15 (2024: RMB15) per tonne of raw coal mined. The fund can be used for improvements of safety at the mines, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount is transferred from safety fund to accumulated losses.

##### (v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c)(iii) to the consolidated financial statements.

### 34. Notes to the Consolidated Statement of Cash Flows

#### Reconciliation of liabilities arising from financing activities

	<b>Lease liabilities</b> <i>(note 21)</i> HK\$'000
At 1 January 2024	86
Change in cash flows:	
Repayment of principal portion of lease liabilities	(399)
Repayment of interest portion of lease liabilities	(36)
Total changes in financing cash flows:	(435)
Other changes:	
Addition	2,101
Interest expenses	36
Total other changes	2,137
At 31 December 2024 and 1 January 2025	<b>1,788</b>
Change in cash flows:	
Repayment of principal portion of lease liabilities	<b>(784)</b>
Repayment of interest portion of lease liabilities	<b>(66)</b>
Total changes in financing cash flows:	<b>(850)</b>
Other changes:	
Addition	<b>2,051</b>
Interest expenses	<b>66</b>
Total other changes	<b>2,117</b>
At 31 December 2025	<b>3,055</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 35. Related Party Transactions

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had compensation of key management personnel during the year. The key management personnel of the Company comprises all directors, details of their remuneration are disclosed in note 14 to the consolidated financial statements.

### 36. Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follow:

Name	Place of registration and operation	Paid up capital	Percentage of ownership interest/ voting power/profit sharing	Principal activities
Inner Mongolia Jinyuanli <sup>(1)</sup>	The PRC	USD45,000,000	2025: 56.2% (2024: 56.2%)	Coal mining
Jilin Province De Feng Commodity Economics and Trading Co., Limited ("Jilin De Feng") <sup>(1)</sup>	The PRC	RMB20,000,000	2025: 51% (2024: 51%)	Inactive
Grand Ocean Group Management Limited	Hong Kong	HK\$10,000	2025: 100% (2024: 100%)	Provision of management services
Big Wish Group Limited	British Virgin Islands	USD4,713,475	2025: 100% (2024: 100%)	Investment holding

<sup>(1)</sup> Sino-foreign equity joint venture

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 36. Principal Subsidiaries (Continued)

The following table shows information of subsidiaries that have NCI material to the Group. The summarised financial information represents amounts before inter-company elimination.

	Jilin De Feng		Inner Mongolia Jinyuanli	
	2025	2024	2025	2024
Principal place of business/country of incorporation	The PRC/The PRC		The PRC/The PRC	
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%	43.8%/43.8%	43.8%/43.8%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 December:</b>				
Non-current assets	-	-	86,902	130,651
Current assets	41,220	39,782	24,309	30,202
Non-current liabilities	-	-	(4,861)	(4,652)
Current liabilities	(139)	(133)	(90,837)	(100,520)
Net assets	41,081	39,649	15,513	55,681
Accumulated NCI	20,122	19,420	7,073	24,667
<b>Year ended 31 December:</b>				
Revenue	-	-	161,552	180,934
Loss for the year	(344)	(407)	(41,755)	(29,259)
Total comprehensive income for the year	1,432	(1,829)	(40,168)	(31,751)
Total comprehensive income allocated to NCI	702	(896)	(17,594)	(13,907)
Dividends paid to NCI	-	-	-	-
Net cash (used in)/generated from operating activities	(372)	(455)	4,931	3,639
Net cash generated from/(used in) investing activities	28	49	(12,694)	(9,019)
Net cash generated from financing activities	7,611	7,578	-	-
Net increase/(decrease) in cash and cash equivalents	7,267	7,172	(7,763)	(5,380)

### 37. Capital Commitments

As at 31 December 2025, the Group's capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment amounted to approximately HK\$7,157,000 (2024: HK\$1,213,000).