



Wanguo Gold Group Limited
萬國黃金集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3939



Integrate Resources,
Create Values,
Build Benefits
And Contribute To The Society

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Corporate Information

as at 18 March 2026

DIRECTORS

Executive Directors:

Gao Mingqing (*Chairman, Chief Executive Officer*)

Gao Jinzhu

Liu Zhichun

Wang Guobiao (appointed on 31 March 2025)

Wang Lixin (appointed on 3 February 2026)

Non-executive Director:

Wang Renxiang (Re-designated on 31 March 2025)

Independent non-executive Directors:

Tsang Wai Hung

Wong Chi Ming Ming

Wang Xin

AUDIT COMMITTEE

Tsang Wai Hung (*Chairman*)

Wong Chi Ming Ming

Wang Xin

REMUNERATION COMMITTEE

Wong Chi Ming Ming (*Chairman*)

Liu Zhichun

Wang Xin

NOMINATION COMMITTEE

Tsang Wai Hung (*Chairman*)

Wong Chi Ming Ming

Wang Xin (resigned on 26 June 2025)

Gao Jinzhu (appointed on 26 June 2025)

COMPANY SECRETARY

Wong Chi Wah (*FCCA, FCCA*)

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township Yifeng County

Jiangxi Province

PRC

PRINCIPAL PLACE OF BUSINESS IN THE SOLOMON ISLANDS

Gold Ridge Mine Site

Guadalcanal

Solomon Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 28/F

Singga Commercial Centre

144-151 Connaught Road West

Hong Kong

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited

4th Floor, Harbour Place,

103 South Church Street,

P.O. Box 10240,

Grand Cayman KY1-1002,

Cayman Islands

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square Grand Cayman KY1-1102

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

35/F One Pacific Place

88 Queensway

Hong Kong

LEGAL ADVISER

as to Hong Kong Law

Dentons Hong Kong LLP

3201 Jardine House

1 Connaught Place Central

Hong Kong

PRINCIPAL BANKER

Bank of China, Yifeng Branch

239 Xinchang West Street

Yifeng County

Jiangxi Province

PRC

STOCK CODE

3939

COMPANY WEBSITE

www.wgmine.com



Chairman's Statement





Dear Shareholders,

On behalf of the board (the “**Board**”) of Directors (the “**Directors**”, each a “**Director**”) of Wanguo Gold Group Limited (the “**Company**”), I am pleased to present the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the financial year ended 31 December 2025.

For the year ended 31 December 2025, the Group mined 1,076,822 tonnes of ores in our Xinzhuang Mine, of which it sold copper in copper concentrates of 4,107 tonnes, iron concentrates of 57,083 tonnes, zinc in zinc concentrates of 4,191 tonnes, sulfur concentrates of 293,087 tonnes, lead in lead concentrates of 1,216 tonnes, sulfur and iron concentrates of 69,811 tonnes, gold of 137 kg, silver of 7,189 kg and copper of 128 kg. The Group also mined 3,355,335 tonnes of ores in our Gold Ridge Mine, of which it sold 2,099.05 kg gold doré and 57,860.90 tonnes of gold concentrates. We achieved revenue of RMB3,161.2 million, gross profit of RMB2,438.1 million and profit attributable to owners of the Company of RMB1,355.0 million.

The Company has achieved remarkable success through relentless perseverance, rooted in our unwavering commitment to “pursuing origins with dedication and deepening our expertise without pause.” We stand tall in our industry, grounded in our mission to relentlessly seek out premium resources. We explore the unknown, persevere through adversity, and advance through challenges, laying a solid foundation for growth with hard work and dedication. Every success embodies the collective effort of our colleagues, and each achievement is hard-won. We cherish every gain and safeguard every step of growth. With steady, pragmatic strides and an unyielding spirit, we have carved out a path of progress for Wanguo within the mining sector.

2026 marks a pivotal year as the Group advances toward becoming a world-class modern mining enterprise. We will seize the current favorable development opportunities, harness natural endowments, unlock resource potential, and forge ahead with unwavering perseverance. Facing future challenges, we possess the confidence, capability, and courage to overcome any obstacle—for the blood of Wanguo people pulses with the spirit of relentless striving; and the mark of perseverance is etched into our very bones.

We will broaden our horizons to expand our industrial footprint, strengthen our core competitiveness with more formidable capabilities, and solidify our development foundations with a pragmatic approach. Let our aspirations become the powerful engine driving us forward, as we write a new chapter on the path of high-quality development.

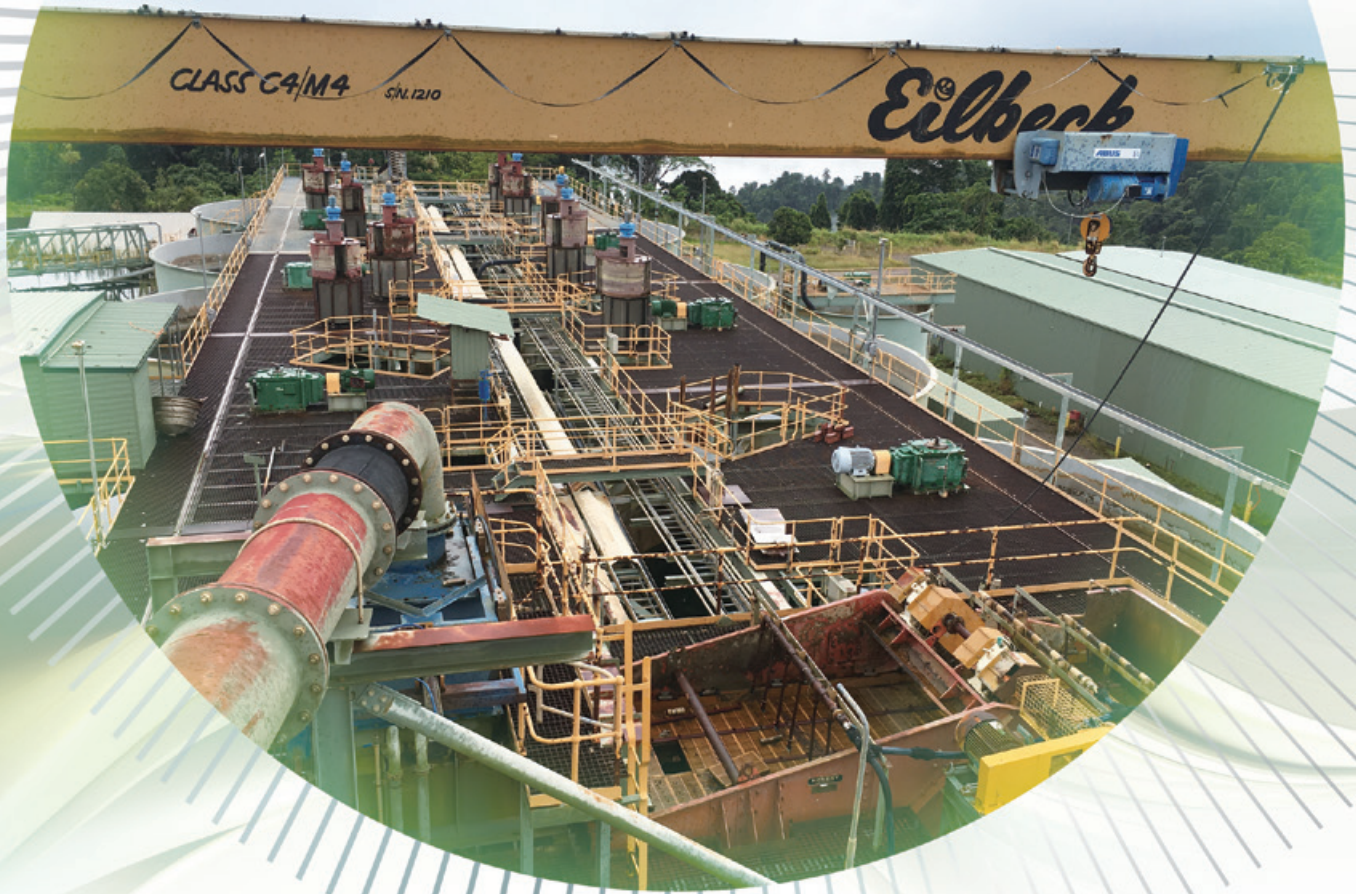
On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust to the Group. In addition, I would like to express my heartfelt thanks to our Directors and employees for their dedication and contribution to the Group.

By order of the Board

Gao Mingqing

Chairman and Chief Executive Officer

18 March 2026



Management Discussion and Analysis

MARKET REVIEW

Gold

In 2025, gold delivered an exceptional performance, recording one of the strongest annual gains in decades. Prices rose from the mid-US\$2,000s per ounce at the start of the year to successive record highs above US\$4,000 per ounce in the fourth quarter. The year's lower levels were seen early on amid a relatively firm U.S. dollar and residual monetary tightening, while the annual peak reflected intensified geopolitical tensions, sustained central-bank purchases, renewed ETF inflows, expectations of U.S. rate cuts and a weaker dollar.

In the first quarter, prices advanced sharply as safe-haven demand strengthened and investment flows accelerated.

The second quarter was marked by heightened volatility, with trade and geopolitical developments driving spikes, followed by brief corrections due to profit-taking and cross-asset repricing.

Momentum re-accelerated in the third quarter as easing expectations became more firmly embedded and official-sector demand remained robust, pushing gold to fresh highs.



MARKET REVIEW *(Continued)*

Gold *(Continued)*

In the fourth quarter, prices surpassed the US\$4,000 milestone before experiencing limited pullbacks on intermittent hawkish policy signals.

The year concluded with gold consolidating near record levels in December, closing strongly and reinforcing its role as a strategic hedge amid persistent global uncertainty.

Silver

In 2025, silver delivered an exceptional performance, significantly outperforming gold over the same period. Prices rose from approximately US\$24-26 per ounce at the beginning of the year to record highs above US\$80 per ounce before year-end, representing a gain of more than 200% and exceeding gold's already strong annual advance. Early-year price levels reflected macro uncertainty and a relatively firm U.S. dollar, while the annual peak was driven by a combination of robust industrial demand, persistent supply deficits, strong investment inflows, expectations of U.S. monetary easing and dollar weakness.

In the first half of the year, silver advanced steadily, breaking above US\$35 per ounce as demand from solar, electronics and electrification sectors remained resilient and investment flows strengthened alongside the broader precious-metals rally. Although intermittent profit-taking caused short-term volatility, the underlying trend remained constructive.

Momentum accelerated in the second half, with silver surpassing US\$50, then US\$75, and ultimately exceeding US\$80 per ounce for the first time on record. Strong physical demand, constrained inventories and sustained investor positioning underpinned the rally.

In the final month of 2025, prices consolidated near record levels, closing the year firmly higher and highlighting silver's dual role as both a leveraged precious-metal exposure and a critical industrial commodity.

Management Discussion and Analysis

MARKET REVIEW *(Continued)*

Copper

In 2025, copper delivered a strong annual performance, rising by roughly 35-40% on the London Metal Exchange and approaching US\$12,000 per metric ton at its peak. The year's lower levels were recorded earlier in the period amid mixed demand signals and macro uncertainty, while the annual high reflected tightening supply conditions, declining inventories and sustained demand linked to electrification and infrastructure investment. (Sources: Trading Economics; Reuters; market commentary from major financial institutions.)

In the first quarter, prices advanced as industrial activity and infrastructure demand remained resilient, supported by expectations of improved global growth.

During the second quarter, copper experienced periods of consolidation and volatility, as trade policy uncertainty and regional inventory fluctuations tempered momentum despite constructive long-term fundamentals.

In the third quarter, prices strengthened further on signs of tightening physical markets and improving investor sentiment, bringing benchmarks close to historic highs.

In the fourth quarter, copper consolidated near elevated levels, closing the year firmly as markets balanced supply constraints against steady industrial demand, reinforcing copper's central role in the global energy transition narrative.

Iron

In 2025, iron ore prices exhibited moderate volatility, generally fluctuating between US\$95 and US\$140 per metric ton (62% Fe CFR China). Prices were supported early in the year by seasonal steel restocking and infrastructure activity, while mid-year softness reflected uneven property-sector demand in China and ample global supply. By the end of the year, iron ore stabilized near the US\$110-120 per ton range as steel production discipline and steady seaborne demand helped balance the market.

In the first quarter, prices firmed toward the US\$120-130 per ton level as mills replenished inventories following winter production controls and infrastructure spending showed seasonal improvement.

During the second quarter, iron ore softened toward the lower end of its annual range, pressured by cautious steel output, persistent weakness in China's property sector, and steady shipments from major exporters including Australia and Brazil.

In the third quarter, prices recovered modestly as steel margins improved and short-term supply disruptions tightened prompt availability, lifting benchmarks back above US\$110 per ton.

In the fourth quarter, iron ore consolidated within a narrower band, closing the year around US\$115 per ton. Stable steel production and measured supply growth contributed to a more balanced market, underscoring iron ore's continued sensitivity to Chinese demand dynamics and global supply discipline.

Management Discussion and Analysis

MARKET REVIEW *(Continued)*

Zinc

In 2025, zinc experienced a cyclical year, with prices starting at approximately US\$2,900 per metric ton, declining to a low near US\$2,560 per metric ton mid-year, and recovering to close above US\$3,000 per metric ton. Early weakness reflected rising mine supply and softer base-metal sentiment, while the year-end recovery was supported by tighter inventories and stabilizing industrial demand.

In the first quarter, prices edged lower as concentrate supply improved and treatment charges increased, weighing on refined market sentiment amid broader macro uncertainty.

During the second quarter, zinc reached its annual low, pressured by trade-related concerns and subdued industrial momentum across key consuming regions.

In the third quarter, prices began to recover as exchange inventories declined and downstream demand showed signs of resilience, helping restore confidence in market fundamentals.

In the fourth quarter, zinc consolidated above the US\$3,000 per metric ton level, supported by tighter supply-demand balances and firmer global industrial activity, closing the year on a more stable footing.

Lead

In 2025, lead traded within a relatively stable range, generally fluctuating between US\$1,900 and US\$2,100 per metric ton. Prices were supported early in the year by seasonal restocking and steady battery-sector demand, while mid-year softness reflected mixed industrial momentum and broader base-metal volatility. By year-end, lead consolidated near the upper end of its annual range as supply and demand remained broadly balanced.

In the first quarter, prices firmed modestly as downstream battery production resumed following seasonal slowdowns and inventory replenishment provided support.

During the second quarter, lead moved sideways near the US\$1,900-2,000 level, with resilient automotive battery demand offset by cautious industrial sentiment.

In the third quarter, volatility remained limited. Macro uncertainty and stable inventories kept prices range-bound, though occasional tightness in spot supply offered temporary support.

In the fourth quarter, lead edged higher toward the US\$2,000 threshold, closing the year on a stable footing amid steady consumption and relatively balanced market fundamentals.

Management Discussion and Analysis

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the People's Republic of China (the "PRC") and the Solomon Islands. Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Ltd ("Yifeng Wanguo") which in turn owns the Xinzhuang Copper, Lead, Zinc Mine, an operating mine located in Jiangxi Province, the PRC ("Xinzhuang Mine") in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of Xinzhuang Mine primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

The Group has, on 13 July 2017, completed the acquisition of 51% attributable interest of Xizang Changdu County Dadi Mining Company Limited ("Xizang Changdu"), which owns the lead mine in Walege of Changdu County, the PRC ("Walege Mine") in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver.

On 30 April 2020, the Group completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of a gold ridge mine located in the Solomon Islands ("Gold Ridge Mine") in which we exploit for mining. The Group has commenced the trial production since November 2022. In addition, on 9 October 2024, the Group completed acquisition of another 20.22% interest of AXF Gold Ridge Pty Limited, resulted in the Group owning 98% interest of AXF Gold Ridge Pty Limited and 88.2% effective interest in Gold Ridge Mine.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 (the "Prospectus") in Xinzhuang Mine, reaching 600,000 tpa in both mining capacity and processing capacity. We have already further upgraded to 900,000 tpa and obtained a 900,000 tpa safety production certificate in 2023.

During the first half of 2025, the copper-iron processing plant of our Xinzhuang Mine was temporarily suspended for 67 days for the purpose of technical transformation, resulting in high efficiency, energy saving, automation and improvement in level of intelligence. The production capacity of copper-iron processing plant has achieved 800,000tpa.

Walege Mine

During 2025, the Group arranged timely reporting and workload disclosure for exploration license maintenance and extension purpose. The Group arranged external consultant to carry out samples collection in respect of groundwater, air and soil at the mine site.

The Group has completed the contract for pre-approval of land use and site selection opinion for the construction of 1.2 million tpa mining and processing project (120萬噸/年採選工程建設用地預審和選址意見委託合同) as well as submitted the comprehensive planning argumentation report (綜合規劃論證報告) for approval. On 11 August 2025, the Site Selection Opinion Letter for the '1.2 million tpa Lead Mining and Beneficiation Project at the Walege Mining Area, Karuo District, Changdu City, Tibet' 《西藏昌都市卡若區哇了格礦區鉛礦120萬 t/a 採選工程建設項目》 was issued by the Natural Resources Bureau of Changdu City, Tibet. Document reference: No. 5403022025XS0006S01.

Gold Ridge Mine

As at the date of this annual report, the Group, through our wholly-owned subsidiaries, owns 88.2% of equity interest in the Gold Ridge Mine which has a substantial volume of gold mineral resources and commenced trial production in 2023.

The facility underwent continuous process refinement throughout its operational period. By July 2025, a 500-cubic-metre flotation machine was installed and brought into service, achieving a stable gold recovery rate exceeding 80%. By December 2025, flotation processing capacity had reached and surpassed 12,000 tonnes per day.

Management Discussion and Analysis

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert's Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement with the Bureau of Geology and Mineral Exploration of Jiangxi Province (the "**Jiangxi Geology Bureau**"). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014.

The exploration in the Xinzhuang Mine has increased the geological reserves of the Group and further proved the hydrogeology conditions in the mining area. Yifeng Wanguo has also appointed Changsha Mine Research Institute to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area. The Group received the report by the end of June 2017. The report showed that a portion of the waterproof pillars can be removed, which will result in an increase of mineral resources of the Xinzhuang Mine by 2.6 million tonnes.

On 15 March 2026, the Group updated the mineral resources and reserves of the Gold Ridge Mine. The mineral resources and reserves were 12,970,000 Au ounces (or 403.4 tonnes) and 7,777,000 Au ounces (or 241.9 tonnes) as at 31 December 2025, compared with the mineral resources and reserves were 7,217,000 Au ounces (or 224.5 tonnes) and 1,196,000 Au ounces (or 37.2 tonnes) as at 31 December 2024, representing increase of 79.7% and 550.1% in mineral resources and reserves respectively.

In addition, the Group will incorporate the following matters into this year's exploration programme.

1. Within the boundaries of the reserve pit, there remains an inferred resource of 49.3 million tonnes (containing 1,045,000 ounces or 32.4 tonnes of gold), which can be upgraded to reserves following infill exploration and densification.
2. The southern mining area contains approximately 60 tonnes of potential resources, which require further exploration.

ENTERING INTO PROCESSING TECHNICAL SERVICE CONTRACT AND EXPANSION FEASIBILITY STUDY CONTRACT

(i) Entering Into Processing Technical Service Contract

On 31 October 2024, Gold Ridge Mining Limited ("**GRML**"), an indirect non-wholly owned subsidiary of the Company, which owns the Gold Ridge Mine in the Solomon Islands, entered into a contract of processing technical service for Gold Ridge Mine, Solomon Islands ("**Technical Service Contract**") with Xiamen Zijin Mining & Metallurgy Technology Co., Ltd ("**Zijin MMT**").

Pursuant to the Technical Service Contract, Zijin MMT shall provide the following technical services to GRML:

- evaluate the recovery of fine-grained gold by flotation columns or Knelson concentrators;
- assist in promoting the technical transformation and production commissioning of processing upgrades, and ensure full capacity of the flotation facility;
- help to train laboratory testers, field technicians and the establishment of a standardized system for the operation of production host positions;
- help the existing concentrator indicators to reach the standard as soon as possible, and accumulate technical experience for the production of subsequent new concentrators;

Management Discussion and Analysis

ENTERING INTO PROCESSING TECHNICAL SERVICE CONTRACT AND EXPANSION FEASIBILITY STUDY CONTRACT *(Continued)*

(i) Entering Into Processing Technical Service Contract *(Continued)*

- submit process materials such as periodic summary or evaluation briefing or training PPT of various work contents, as well as the final PDF version of the project research report; and
- assist in completing the technical transformation and process optimization of production-related equipment.

The contract period commenced from 1 November 2024 to 31 October 2025 and is subject to the progress of the work and valid within one year. The contract sum is RMB1.69 million and shall be payable by GRML to Zijin MMT in instalments.

(ii) Entering Into Expansion Feasibility Study Contract

On 1 May 2025, GRML entered into a contract of a new 10 million tpa Expansion Feasibility Study for the Gold Ridge Mine (“**Expansion Feasibility Study Contract**”) with Zijin (Xiamen) Engineering Design Co. Ltd (“**Zijin Engineering**”), under which, Zijin Engineering shall assist GRML in designing the main production facilities, such as, mining and processing engineering, tailing ponds, low grade ore crushing, heap leach pads, absorptions etc., and relevant water supply, power supply, plant roads, laboratory and living auxiliary facilities, etc., for the purpose of achieving production capacity of 13 million tpa, with products output of gold doré (80% Au grade) and gold concentrate under floatation (25g/t Au grade).

The estimated contract period will end by 31 December 2026, upon submission of the construction plan by Zijin Engineering to GRML. The total contract sum is USD2.89 million (equivalent to approximately RMB20.8 million) and shall be payable by GRML to Zijin Engineering pursuant to the payment schedule according to the Expansion Feasibility Study Contract. The contract sum will be settled by internal resources available to the Group and payable as follows:

- USD140,000 payable upon execution and receiving project information;
- USD70,000 payable upon submission of pre-feasibility study report and acceptance by GRML;
- USD680,000 payable upon submission of the preliminary design and acceptance by GRML;
- USD300,000 payable upon submission of the construction drawings of the mining project (including public and auxiliary facilities) and acceptance by GRML;
- USD300,000 payable upon submission of the construction drawings of the rough crushing plant and the intermediate ore pile (including public and auxiliary facilities) of the mining project, and completion of inspection and acceptance by GRML;
- USD300,000 payable upon submission of the construction drawings for the crushing and screening, adsorption, and yard (including utilities) of the heap leach plant, and completion of inspection and acceptance by GRML;
- USD400,000 payable upon submission of the construction drawings of the ore processing plant, flotation plant, dewatering plant, pharmaceutical preparation, pharmaceutical warehouse, blower room and other ore dressing projects (including public and auxiliary facilities) and completion of inspection and acceptance by GRML;

Management Discussion and Analysis

ENTERING INTO PROCESSING TECHNICAL SERVICE CONTRACT AND EXPANSION FEASIBILITY STUDY CONTRACT *(Continued)*

(ii) Entering Into Expansion Feasibility Study Contract *(Continued)*

- USD400,000 payable upon submission of the construction drawings of the auxiliary facilities, tailings transfer and return pump house, tailings storage project (including public and auxiliary facilities) and completion of inspection and acceptance by GRML; and
- Remaining USD300,000 as a guarantee deposit, payable upon completion of all design elements and services. In case of default by Zijin Engineering, it will be deducted as the liquidated damages.

Each of the contract sums of the Technical Service Contract and the Expansion Feasibility Study Contract was determined on the basis of commercial terms negotiated at arm's length between the Company and the counterparties having considered

- (i) the estimated time costs of professional and technical experts involved in the relevant projects;
- (ii) the expected outcome to the Group's production capacity; (iii) the leading technical skills in mining industry in Zijin Mining; and (iv) the quotations offered by two other engineering design firms for rendering similar services.

As disclosed in the 2024 annual report of the Company, the operation of gold mine has already contributed more than 50% of the Group's revenue and profits for the year ended 31 December 2024. In view of current blooming gold price, it is in the best interest for the Group to exploit it in due course. As such, the Board (including the independent non-executive Directors) is of the view that the terms of the Technical Service Contract and the Expansion Feasibility Study Contract are fair and reasonable, and are on normal commercial terms, and the Technical Service Contract and the Expansion Feasibility Study Contract are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

Please refer to the Company's announcement dated 1 May 2025 for details.

TOP-UP SALE OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND SELL-DOWN SALE OF EXISTING SHARES BY THE SELLDOWN SELLER

On 21 August 2025 (before trading hours), the Company, Victor Soar Investments Limited (the "Top-up Seller") and Prominence Investment Holding Company Limited (the "Sell-down Seller") entered into the placing and subscription agreement dated 21 August 2025 ("Agreement") and entered into among the Company, the Top-up Seller, the Sell-down Seller, and CLSA Limited, Guotai Junan Securities (Hong Kong) Limited, Macquarie Capital Limited, Guolian Securities International Capital Co., Limited and First Shanghai Securities Limited (the "Placing Agents"). Unless otherwise defined herein, capitalised terms used in this section shall have the same meanings as those defined in the announcement of the Company dated 21 August 2025 (the "Placing Announcement"). Pursuant to the Agreement,

- (1) the Top-up Seller agreed to sell, and the Placing Agents severally (not jointly nor jointly and severally) agreed, as agents of the Top-up Seller, to procure on a best effort basis not less than six (6) Placées to purchase 22,500,000 Shares held by the Top-up Seller at a price of HK\$32.55 per Share;
- (2) the Top-up Seller conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, up to 22,500,000 new Shares, being equivalent to the number of the Top-up Sale Shares actually sold by the Top-up Seller pursuant to the Agreement, at the Subscription Price, which is equivalent to the Purchase Price of HK\$32.55 per Share; and
- (3) the Sell-down Seller agreed to sell, and the Placing Agents severally (not jointly nor jointly and severally) agreed, as agents of the Sell-down Seller, to procure on a best effort basis purchasers to purchase a total of 7,500,000 Sell-down Sale Shares, representing approximately 0.69% of the issued share capital of the Company as at the date of the Placing Announcement at the price of HK\$32.55 per Sell-down Sale Share.

Management Discussion and Analysis

TOP-UP SALE OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND SELL-DOWN SALE OF EXISTING SHARES BY THE SELLDOWN SELLER (Continued)

The Purchase Price of HK\$32.55 represents:

- (1) a discount of approximately 7.00% to the closing price of HK\$35.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 6.73% to the average closing price of approximately HK\$34.90 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and
- (3) a discount of approximately 6.57% to the average closing price of approximately HK\$34.84 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The Purchase Price of HK\$32.55 per Share was arrived at after arm's length negotiations among the Company, the Top-up Seller and the Placing Agents by reference to the market conditions and the recent closing prices per Share. The Directors (including the independent non-executive Directors) consider that the Purchase Price to be fair and reasonable under the market conditions as at the Agreement date and is in the best interests of the Company and the Shareholders as a whole.

The net proceeds from the Subscription were approximately HK\$722 million, net of professional fees and out-of-pocket expenses. The Company intended to use the net proceeds from the Subscription for (1) funding of the project concerning the exploration and development of the Gold Ridge Mine, which the Group exploits for mining; and (2) general working capital of the Group. The Top-up Sale and the Sell-down Sale were concurrent and closed simultaneously, but are not inter conditional.

REASON FOR THE TOP-UP SALE AND THE SUBSCRIPTION

The Top-up Sale and the Subscription are being undertaken to supplement the Group's long-term funding of its expansion plan and growth strategies. The Directors consider that the Top-up Sale and the Subscription will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

Please refer to the Company's announcements dated 21 August 2025 and 3 September 2025 for details.

Use of proceeds	Planned use of	Actual use of	Unutilised net
	proceeds	net proceeds	proceeds
	as at	as at	as at
	31 December	31 December	31 December
	2025	2025	2025
	HK\$ (million)	HK\$ (million)	HK\$ (million)
Funding of the project concerning the exploration and development of the Gold Ridge Mine	360.9	360.9	–
General working capital	360.9	360.9	–
Balance	721.8	721.8	–

There is no material change in use of proceeds for the net proceeds pursuant to the Subscription during the year ended 31 December 2025 from the original intended use.

General working capital comprised mainly construction of 10 million tpa production facilities and other general operating expenses.

Management Discussion and Analysis

SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE

As at 3 November 2025, the authorised share capital of the Company was HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.1 each, of which 1,106,327,200 Shares have been issued and are fully paid or credited as fully paid. Unless otherwise defined herein, capitalised terms used in this section shall have the same meanings as those defined in the announcement of the Company dated 3 November 2025.

The Board proposed to subdivide each existing issued and unissued Share of HK\$0.1 each into four (4) Subdivided Shares of HK\$0.025 each (“**Share Subdivision**”). Upon the Share Subdivision becoming effective, the authorized share capital of the Company will be HK\$1,000,000,000 divided into 40,000,000,000 Subdivided Shares, of which 4,425,308,800 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares will be issued or repurchased after 3 November 2025 and prior to the Share Subdivision becoming effective.

The Shares were traded on the Stock Exchange in board lot size of 2,000 Shares. The Board further proposed that upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading on the Stock Exchange shall be changed to 500 Subdivided Shares for each board lot. The Change in Board Lot Size did not result in any change in the relative rights of the Shareholders.

REASONS FOR THE SHARE SUBDIVISION AND THE CHANGE IN BOARD LOT SIZE

The Board is of the view that the Share Subdivision will lower the investment barrier and improve the liquidity in the trading of shares of the Company and broaden the shareholder base of the Company by appealing to more investors. In forming its view, the Board has also taken into account general feedback received from Shareholders from time to time, including suggestions that a share subdivision could enhance market accessibility and improve the trading liquidity of the Company’s Shares. As a result, the Share Subdivision is expected to result in downward adjustment to the trading price of each Share and the market value per board lot of Shares. Given the prevailing market conditions, a more liquid market will provide more flexibility for investors to trade in the shares of the Company, which will in turn facilitate the Company’s growth and development in the future.

Please refer to the Company’s announcement dated 3 November 2025, 6 November 2025, and 21 November 2025 for details.

An ordinary resolution was duly passed for the aforesaid resolutions in an extraordinary general meeting of Shareholders on 21 November 2025. The Share Subdivision as well as the change in board lot size became effective on Tuesday, 25 November 2025.

Management Discussion and Analysis

ADJUSTMENTS TO THE 2024 SHARE OPTION SCHEME AND THE 2024 SHARE AWARD SCHEME OF THE COMPANY

As at 21 November 2025, there were share options granted under the 2024 Share Option Scheme (the “Share Options”) outstanding entitling the holders thereof to subscribe for an aggregate of 10,880,000 new Shares. In accordance with the terms and conditions of the 2024 Share Option Scheme and Rule 17.03(13) of the Listing Rules, upon the Share Subdivision becoming effective on Tuesday, 25 November 2025, there will be 43,520,000 outstanding Share Options granted by the Company under the 2024 Share Option Scheme. The Share Subdivision has led to adjustments to the exercise price of the outstanding Share Options and the number of Subdivided Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options in the following manner:

Date of grant	Immediately before the Share Subdivision becoming effective		Immediately after the Share Subdivision becoming effective	
	Number of Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options	Exercise price per Share	Adjusted number of Subdivided Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options	Adjusted exercise price per Subdivided Share
24 January 2025	8,750,000	HK\$13.31	35,000,000	HK\$3.3275
20 March 2025	2,130,000	HK\$17.80	8,520,000	HK\$4.45

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “2024 Share Award Scheme”) on 15 January 2025 (the “Adoption Date”), in order to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting awards to them as incentives or rewards, and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group.

As at 15 January 2025, there were 108,382,720 award shares available for grant under the 2024 Share Award Scheme. As at 15 January 2025, the service provider sublimit was 32,514,816 Shares (being 3% of the total number of shares in issue (excluding treasury shares, if any) on the Adoption Date). As at 31 December 2025, following the Share Subdivision, 381,490,880 Shares were available for grant under the 2024 Share Award Scheme, representing approximately 8.62% of the Company’s total number of issued shares (excluding treasury shares) as at the date of this annual report (and 95,372,720 Shares were available for grant immediately before the Share Subdivision became effective on 25 November 2025). As at 31 December 2025, the service provider sublimit was 123,659,264 Shares (and 30,914,816 Shares immediately before the Share Subdivision became effective on 25 November 2025). Please refer to the Company’s announcements dated 21 November 2024 and 15 January 2025 and the Company’s circular dated 23 December 2024 for details.

Since the adoption of the 2024 Share Award Scheme, no award shares have been granted under the 2024 Share Award Scheme.

Management Discussion and Analysis

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**2024 Share Option Scheme**”) on 15 January 2025, in order to recognise and acknowledge the contributions that eligible participants have made or may make to the Group, and to enable the Group to grant options to the eligible participants as incentives or rewards for their contributions to the Group.

As at 15 January 2025, there were 108,382,720 options available for grant under the 2024 Share Option Scheme. As at 15 January 2025, the service provider sublimit was 32,514,816 Shares (being 3% of the total number of shares in issue (excluding treasury shares, if any) on the Adoption Date). During the year ended 31 December 2025, 13,010,000 options were granted and among which 2,130,000 options were cancelled. No options were exercised or lapsed. Accordingly, number of Shares that have been issued in respect of options granted during the year ended 31 December 2025 is nil. As at 31 December 2025, following the Share Subdivision, 381,490,880 Shares were available for grant under the 2024 Share Option Scheme, representing approximately 8.62% of the Company’s total number of issued shares (excluding treasury shares) as at the date of this annual report (and 95,372,720 Shares were available for grant immediately before the Share Subdivision became effective on 25 November 2025). As at 31 December 2025, the service provider sublimit was 123,659,264 Shares (and 30,914,816 Shares immediately before the Share Subdivision became effective on 25 November 2025).

Please refer to the Company’s announcements dated 21 November 2024, 15 January 2025, 24 January 2025, 4 February 2025, 20 March 2025 and 24 March 2025 and the Company’s circular dated 23 December 2024 for details.

Management Discussion and Analysis

SHARE OPTION SCHEME (Continued)

Details of the share options outstanding under the 2024 Share Option Scheme as at 31 December 2025 entitling holders thereof to subscribe for the Shares in the Company are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Number of share options												
				Exercise price per Share as at the date of grant and before Share Subdivision became effective (HK\$)	Exercise price per Share after Share Subdivision became effective (HK\$)	Closing price per Share immediately before the date of grant (HK\$)	Fair value of options at the date of grant ⁽¹⁾ (HK\$)	Weighted average closing price of the Shares immediately exercised or vested (HK\$)	Balance as at 1 January 2025	Granted during the reporting period ⁽²⁾	Vested during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Balance as at 25 November 2025	Balance after Share Subdivision and as at 31 December 2025
															Subdivision	Subdivision
Directors																
Gao Mingqing (Chairman, Chief Executive Officer, Executive Director and substantial shareholder)	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	3.71	N/A	-	1,080,000	-	-	(1,080,000)	-	-	
	20 March 2025	20/3/2025-20/3/2027	21/3/2027-19/3/2035	17.80	4.45	17.26	5.00	N/A	-	1,080,000	-	-	-	-	1,080,000	4,320,000
Gao Jinzhu (Executive Director and substantial shareholder)	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	3.71	N/A	-	400,000	-	-	(400,000)	-	-	
	20 March 2025	20/3/2025-20/3/2027	21/3/2027-19/3/2035	17.80	4.45	17.26	5.00	N/A	-	400,000	-	-	-	-	400,000	1,600,000
Liu Zhichun (Executive Director)	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	3.71	N/A	-	400,000	-	-	(400,000)	-	-	
	20 March 2025	20/3/2025-20/3/2027	21/3/2027-19/3/2035	17.80	4.45	17.26	5.00	N/A	-	400,000	-	-	-	-	400,000	1,600,000
Wang Renxiang (Non-executive Director)	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	3.71	N/A	-	250,000	-	-	(250,000)	-	-	
	20 March 2025	20/3/2025-20/3/2027	21/3/2027-19/3/2035	17.80	4.45	17.26	5.00	N/A	-	250,000	-	-	-	-	250,000	1,000,000
Other employees	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	4.34	N/A	-	7,150,000	-	-	-	-	7,150,000	28,600,000
Service providers	24 January 2025	24/1/2025-24/1/2027	25/1/2027-23/1/2035	13.31	3.3275	13.30	4.21	N/A	-	1,600,000	-	-	-	-	1,600,000	6,400,000
Total:									-	13,010,000	-	-	(2,130,000)	-	10,880,000	43,520,000

Management Discussion and Analysis

SHARE OPTION SCHEME (Continued)

Notes:

- (1) According to Hong Kong Financial Reporting Standard 2 – Share-based Payment, fair value is defined as “the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm’s length transaction”. The share options were appraised on the basis of fair value.

Certain major assumptions have to be adopted in order to sufficiently support the conclusion of value. Major assumptions included there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the underlying security of the share options, the interest rates will not differ materially from those of present or expected and information provided by the Company is true and accurate.

The binomial option pricing model was adopted in the valuation. In the valuation, various possible outcomes and the corresponding probability of each scenario were estimated and the value of the share options is represented by the present value of the probability-weighted resulting value of all scenarios considered. The following tables set out the principal valuation parameters have been applied in determining the fair value of the share options granted on 24 January 2025 and 20 March 2025 respectively.

Parameters	Date of grant: 24 January 2025	Date of grant: 20 March 2025
Stock Price (HK\$)	13.30	17.80
Exercise Price (HK\$)	13.31	17.80
Risk-free Rate (%)	3.84%	3.47%
Time to Maturity (Years)	10 years	10 years
Time to Vest (Year)	2 years	2 years
Expected Dividend Yield (%)	2.49%	2.25%
Expected Volatility (%)	46.55%	46.77%

- (2) The share options granted under the 2024 Share Option Scheme as set out in the table above were not subject to any performance targets.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the issuer (i.e. the 2024 Share Option Scheme and the 2024 Share Award Scheme) during the financial period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the period is 1.0%.

APPOINTMENT OF A CHIEF ADVISOR AND ESTABLISHMENT OF A STRATEGIC DEVELOPMENT COMMITTEE (“SDC”)

On 2 February 2026, the Group has appointed Mr. Chen Jinghe (陳景河) as our Chief Advisor and the director of our SDC.

Given Mr. Chen’s experience and expertise, the Board believes his appointment will strengthen the Group’s development in our Gold Ridge Mine as well as future merger and acquisition projects.

The Company has set up a SDC for advising on development strategies for the Group’s existing operations as well as potential projects in future.

The primary duties of the SDC includes (i) research and recommend on the medium-term and long-term development strategy of the Company including but not limited to acquisition of new mines; (ii) review and recommend on the medium-term and long-term strategic goals and development plans of the business of the Company; (iii) research and recommend on any other significant matters affecting the development of the Company; (iv) review the implementation of the above matters; and (v) other duties as delegated by the Board.

The Board believes that establishing a SDC, a team of experienced and knowledgeable experts, can enhance the quality of decision-making, optimise operational efficiency, and introduce advanced technology or management expertise to the Group.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2025

Mineralisation Type	JORC Mineral Resource Category	Tonnage kt	Grades					Contained Metals				
			Cu %	Pb %	Zn %	TFe %	mFe %	Cu kt	Pb kt	Zn kt	TFe kt	mFe kt
Cu-Fe	Measured	4,132.12	0.76	–	–	–	–	31.40	–	–	–	–
	Indicated	9,677.97	0.71	–	–	–	–	68.71	–	–	–	–
	Subtotal	13,810.09	0.72	–	–	–	–	100.12	–	–	–	–
	Inferred	443.49	0.49	–	–	–	–	2.15	–	–	–	–
	Total	14,253.58	0.72	–	–	–	–	102.27	–	–	–	–
Fe-Cu	Measured	1,298.47	0.19	–	–	44.17	30.89	2.42	–	–	573.57	410.10
	Indicated	2,158.66	0.34	–	–	39.59	25.15	7.34	–	–	854.67	542.98
	Subtotal	3,457.13	0.28	–	–	41.31	27.31	9.76	–	–	1,428.24	944.08
	Inferred	191.19	0.52	–	–	44.13	31.02	1.00	–	–	84.37	59.30
	Total	3,648.32	0.30	–	–	41.46	27.50	10.76	–	–	1,512.61	1,003.38
Cu-Pb-Zn	Measured	988.17	0.13	0.95	5.17	–	–	1.29	9.39	51.09	–	–
	Indicated	1,370.45	0.09	1.88	3.70	–	–	1.19	25.79	50.70	–	–
	Subtotal	2,358.62	0.11	1.49	4.32	–	–	2.49	35.18	101.79	–	–
	Inferred	247.78	0.13	0.39	4.44	–	–	0.31	0.98	10.99	–	–
	Total	2,606.40	0.11	1.39	4.33	–	–	2.80	36.15	112.78	–	–
Total	Measured	6,418.76	–	–	–	–	–	35.12	9.39	51.09	573.57	401.10
	Indicated	13,207.08	–	–	–	–	–	77.25	25.79	50.70	854.67	542.98
	Subtotal	19,625.84	–	–	–	–	–	112.37	35.18	101.79	1,428.24	944.08
	Inferred	882.46	–	–	–	–	–	3.47	0.98	10.99	84.37	59.30
	Total	20,508.30	–	–	–	–	–	115.83	36.15	112.78	1,512.61	1,003.38

Notes:

- (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.
- (2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.
- (3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2025.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES (Continued)

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2025

Mineralization Type	JORC Ore Reserve	Tonnage kt	Cu %	Grades				Contained Metals				
	Category			Pb %	Zn %	TFe %	mFe %	Cu kt	Pb kt	Zn kt	TFe kt	mFe kt
Cu-Fe	Proved	2,996.31	0.77	–	–	–	–	23.07	–	–	–	–
	Probable	2,668.93	0.66	–	–	–	–	17.74	–	–	–	–
	Total	5,665.24	0.72	–	–	–	–	40.82	–	–	–	–
Fe-Cu	Proved	1,526.97	0.21	–	–	37.19	32.15	3.17	–	–	567.83	490.94
	Probable	708.09	0.32	–	–	23.17	19.81	2.27	–	–	164.06	140.31
	Total	2,235.06	0.25	–	–	32.53	28.05	5.44	–	–	731.90	631.24
Cu-Pb-Zn	Proved	578.17	0.08	0.9	4.99	–	–	0.49	5.20	28.85	–	–
	Probable	84.01	0.04	1.31	2.93	–	–	0.03	1.10	2.46	–	–
	Total	662.17	0.08	0.97	4.62	–	–	0.52	6.30	31.31	–	–
Total	Proved	5,101.45	–	–	–	–	–	26.73	5.20	28.85	567.83	490.94
	Probable	3,461.03	–	–	–	–	–	20.05	1.10	2.46	164.06	140.31
	Total	8,562.47	–	–	–	–	–	46.78	6.30	31.31	731.90	631.24

Notes:

- (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.
- (2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.
- (3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2025.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES *(Continued)*

**The Walege Mine Mineral Resource Summary
– as at 31 December 2025 Grade Tonnage Reported
above a Cut-off Grade of 2.5% Pb**

JORC Mineral Resource Category	Tonnes (Mt)	Grade (Pb%)	Ag (g/t)	Lead Metal (1,000t)	Silver Metal (1,000Kg)	BaSo ₄ (%)	Barium Sulfate (1,000t)
Measured	13.996	3.79	44.80	530.4	627.1	55.73	927.2
Indicated	18.343	3.57	43.32	655.6	794.7	56.11	644.9
Inferred	10.688	3.82	48.22	408.5	515.4	55.04	854.2
Totals	43.027	3.71	45.02	1,594.5	1,937.2	55.93	2,523.4

Notes:

- (1) The mineral resource estimates were based on 136 diamond drilling holes, 54 trenching projects and 9 pit excavation engineering completed up until 2018. The wireframes were generated based on cross sectional widths of 50m-100m*100m-200m spacing. This was based on exploration drilling patterns. Mineralisation cut-off grades of 0.5% Pb combined with the geological logging were used to define the mineralised envelopes.
- (2) The mineral resources have been classified and reported in accordance with the JORC Code. Resource classification is based on confidence in the mapping, geological interpretation, drill spacing and geostatistical measures. The current resource models provided robust global estimates of the in situ mineralisation of Pb and Ag. Mineral Resources have been reported above cut-off of 2.5% Pb.
- (3) The mineral resource estimates were based on 72 diamond drill holes completed up until 2013 and the wireframes were generated based on cross sectional widths of 100m-100m spacing as disclosed in the Company's circular dated 2 December 2015. There were no material changes in these estimates during the period from 31 December 2018 to 31 December 2025.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES (Continued)

The Gold Ridge Mine Mineral Resources Summary as of 31 December 2025

Class	Type	Tonnages kt	Au g/t	Au koz
Measured	oxide	400	0.88	10
	transitional	800	1.01	30
	fresh	39,300	0.92	1,170
	Sub Total	40,600	0.92	1,200
Indicated	oxide	2,200	0.80	60
	transitional	2,500	0.92	70
	fresh	240,300	0.96	7,430
	Sub Total	245,100	0.96	7,560
Inferred	oxide	2,700	0.77	70
	transitional	1,900	0.72	40
	fresh	174,700	0.73	4,110
	Sub Total	179,300	0.73	4,220
	Grand Total	464,900	0.87	12,970

Reported at 1 g/t Au cut-off below 1.3 RF pit depleted

Class	Type	Tonnages kt	Au g/t	Au koz
Indicated	oxide	0	0	0
	transitional	0	0	0
	fresh	100	1.2	4
	Sub Total	100	1.2	4
Inferred	oxide	23	1.23	0.9
	transitional	6	1.10	0.2
	fresh	5,200	1.55	260
	Sub Total	5,200	1.55	260
	Grand Total	5,300	1.54	260

Note:

- The Mineral Resources have been compiled by Dr. Song Huang who is a full-time employee of SLR Consulting Ltd (SLR), an independent consulting firm, and a Registered Member of the Australian Institute of Mining and Metallurgy. Dr. Huang has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
- Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
- Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES *(Continued)*

Note:*(Continued)*

- The Mineral Resources have been reported at a 100% equity stake and not factored for ownership proportions.
- The Mineral Resource is reported at variable Au cut off within a 4,200 USD pit shell (0.23g/t for oxide, 0.26g/t for transition, and 0.26g/t for fresh); and 1 g/t Au cut off below the pit shell. The cut off grades were based on estimated mining and processing costs and recovery factors based on the previous pre-feasibility study and updated processing costs.

The Gold Ridge Mine Ore Reserve Summary as at 31 December 2025

	Proved			Probable			Total		
	Qty Mt	Au g/t	Au Koz	Qty Mt	Au g/t	Au Koz	Qty Mt	Au g/t	Au koz
Pit	37.0	0.94	1,121	205.6	1.01	6,655	242.5	1.00	7,777

Notes:

- The Ore Reserves are evaluated at a gold price of USD3,200 per troy ounce.
- The marginal cut-off grades are determined based on a USD 3,200 per troy ounce gold price for a conservative approach to planning, and operating costs and mining and metallurgical modifying factors.
- Marginal cut-off grades applied in reporting of the Ore Reserves are: Oxide 0.23 g/t Au, Transition 0.28 g/t Au and Fresh 0.28 g/t Au.
- The input parameters to estimate marginal cut-off grades were derived from the outcomes of the pre-feasibility study and the Group operational data. They have been checked against the outcomes of the mining study, including the project's financial model, and have been shown to be reasonable.
- Ore Reserve estimates are not precise calculations, depending on the interpretation of limited information on the location, shape and continuity of the occurrence and the available sampling results. The quantities in the above table have been rounded to three significant figures to reflect the relative uncertainty of the estimate. Rounding may cause values in the table to appear to have computational errors.
- All Ore Reserve estimates are on a dry basis.

Management Discussion and Analysis

FINANCIAL REVIEW

	Year ended 31 December			Year ended 31 December		
	Concentrates products, gold doré and gold concentrates (own mined) RMB'000	Trading of other concentrate (sourced outside) RMB'000	2025 Total RMB'000	Concentrates products, gold doré and gold concentrates (own mined) RMB'000	Trading of other concentrates (sourced outside) RMB'000	2024 Total RMB'000
Revenue	3,161,200	–	3,161,200	1,827,430	48,131	1,875,561
Cost of sales	(813,067)	–	813,067	(829,828)	(48,740)	(878,568)
Gross profit/(loss)	2,348,133	–	2,348,133	997,602	(609)	996,993
Gross profit margin	74.3%	N/A	74.3%	54.6%	(1.27%)	53.2%

Revenue, cost of sales, gross profit and gross profit margin

The Group's overall revenue increased by approximately 68.5% from approximately RMB1,875.6 million in 2024 to approximately RMB3,161.2 million in 2025, which was primarily due to the increase in sales generated by our Gold Ridge Mine and the surge in gold prices. Our cost of sales decreased by approximately 7.5% from approximately RMB878.6 million in 2024 to approximately RMB813.1 million in 2025 which was mainly attributable to the termination of trading of other concentrate.

The overall gross profit of the Group increased by approximately 135.5% from approximately RMB997.0 million for the year ended 31 December 2024 to approximately RMB2,348.1 million for the year ended 31 December 2025. The overall gross profit margin increased from approximately 53.2% for the year ended 31 December 2024 to approximately 74.3% for the year ended 31 December 2025. Such increase was mainly attributable to the improvement in the gross profit margin of our Gold Ridge Mine, which was driven by the rise in gold prices.

(i) Concentrates products, gold doré and gold concentrates (own mined)

	Year ended 31 December			Year ended 31 December		
	Xinzhuang Mine Concentrated products RMB'000	Gold Ridge Mine gold doré and gold concentrates RMB'000	2025 Total RMB'000	Xinzhuang Mine Concentrated products RMB'000	Gold Ridge Mine gold doré and gold concentrates RMB'000	2024 Total RMB'000
Revenue	720,238	2,440,962	3,161,200	639,502	1,187,928	1,827,430
Cost of sales	(317,631)	(495,436)	(813,067)	(302,891)	(526,937)	(829,828)
Gross profit	402,607	1,945,526	2,348,133	336,611	660,991	997,602
Gross profit margin	55.9%	79.7%	74.3%	52.6%	55.6%	54.6%

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(i) *Concentrates products, gold doré and gold concentrates (own mined) (Continued)*

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products increased by approximately 12.6% from approximately RMB639.6 million for the year ended 31 December 2024 to approximately RMB720.2 million for the year ended 31 December 2025.

For the year ended 31 December 2025, we sold 4,107 tonnes of copper in copper concentrates, 57,083 tonnes of iron concentrates and 4,191 tonnes of zinc in zinc concentrates, compared to 3,990 tonnes, 76,322 tonnes and 6,480 tonnes respectively for the year ended 31 December 2024, representing an increase of approximately 2.9% for copper in copper concentrates and decreases of approximately 25.2% and 35.3% for iron concentrates and zinc in zinc concentrates respectively which were principally due to the decrease in Cu-Pb-Zn resources and the volume of zinc in zinc concentrates processed decreased.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates in 2025 were RMB69,897, RMB586 and RMB15,004 per tonne respectively, compared to RMB61,854, RMB640 and RMB17,107 per tonne respectively in 2024, representing increases of approximately 13.0% for copper in copper concentrates, the increase in concentrate prices was primarily driven by tight supply conditions and strong demand and a decrease of approximately 8.4% and 12.3% for iron concentrates and zinc in zinc concentrates respectively which was due to weaker demand in the construction and manufacturing sectors as well as increased supply pressures in the global market.

The cost of sales of concentrates products increased by approximately 4.9% from approximately RMB302.9 million in 2024 to approximately RMB317.8 million in 2025, which was in line with the increase in sales.

The gross profit of concentrates products for the year ended 31 December 2025 was approximately RMB402.4 million, representing an increase of approximately 19.5% compared to approximately RMB336.6 million for the year ended 31 December 2024. The gross profit margin increased from approximately 52.6% for the year ended 31 December 2024 to approximately 55.9% for the year ended 31 December 2025. The increase in our gross profit margin was mainly attributable to higher copper and sulfur prices.

Gold Ridge Mine – gold doré and gold concentrates

Our Gold Ridge Mine exported gold doré from the heap leach operation and also exported gold concentrates from flotation operation.

Revenue from sales of gold doré and gold concentrates increased by approximately 105.5% from approximately RMB1,187.9 million for the year ended 31 December 2024 to approximately RMB2,441.0 million for the year ended 31 December 2025. The increase was mainly driven by the sharp rise in gold prices, resulting in higher sales from gold concentrates and gold doré.

The cost of sales of gold doré and gold concentrates decreased by approximately 6.0% from approximately RMB526.9 million for the year ended 31 December 2024 to approximately RMB495.3 million for the year ended 31 December 2025. The decrease was mainly attributable to improved processing efficiency, which lowered unit production costs.

The gross profit of gold doré and gold concentrates for the year ended 31 December 2025 was approximately RMB1,945.7 million, which represented an increase of approximately 194.4% compared to approximately RMB661.0 million for the year ended 31 December 2024. The gross profit margin increased from approximately 55.6% for the year ended 31 December 2024 to approximately 79.7% for the year ended 31 December 2025. Such increase was mainly attributable to the surge in gold price.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(ii) Trading of electrolytic copper and other concentrates (sourced outside)

The Group did not carry out this business in 2025, and no revenue was recorded during the year.

Other income

Our other income mainly comprised bank interest income of approximately RMB7.7 million, incentives received from governmental authorities of approximately RMB2.6 million and government grant, subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.9 million and income from sub-contractors in respect of storage fees of approximately RMB16.1 million for the year ended 31 December 2025. Other income increased by approximately RMB22.7 million as compared to 2024, which was mainly attributable to the increase in income from financial assets at FVTPL and income from sub-contractors in respect of storage fees.

Other gains and losses

Our other gains and losses increased by approximately RMB67.1 million from gains of approximately RMB2.8 million to gains of approximately RMB69.9 million, which comprised mainly realised gain from changes in fair value of financial assets at fair value through profit or loss (“FVTPL”) of approximately RMB68.6 million, unrealised gain from change in fair value of financial assets at FVTPL of approximately RMB4.8 million, income from assets overage of approximately RMB15.7 million, loss on disposal of property, plant and equipment of approximately RMB1.0 million and unrealised exchange loss of approximately RMB18.0 million as a result of the translation of Australian dollars, Hong Kong dollars, Solomon Islands dollars and US dollars into Renminbi as at 31 December 2025, whereas for the year ended 31 December 2024, there were unrealised exchange gain of approximately RMB0.6 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 178.4% from approximately RMB54.7 million for the year ended 31 December 2024 to approximately RMB152.3 million for the year ended 31 December 2025. The increase was mainly attributable to the increase in the railway and transportation fees, export duty and royalties as a result of the increase in the sales volume of gold concentrates and gold doré in our Gold Ridge Mine.

Administrative expenses

Our administrative expenses increased by approximately 42.7% from approximately RMB133.8 million in 2024 to approximately RMB190.9 million in 2025. The increase was principally attributable to the increase in staff costs, depreciation and security incurred by Gold Ridge Mine and property insurance incurred by GRML to secure our operation in Gold Ridge Mine.

Finance costs

Our finance costs decreased by approximately 36.6% from approximately RMB12.3 million in 2024 to approximately RMB7.8 million in 2025, primarily due to the decrease in bank borrowings.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Income tax expense

Our income tax expense was approximately RMB599.8 million in 2025, consisting of PRC corporate income tax payable of approximately RMB48.6 million, Solomon Islands corporate income tax payable of approximately RMB363.7 million, Hong Kong profit tax payable of approximately RMB4.5 million, withholding tax payable of approximately RMB14.5 million, deferred tax liabilities of approximately RMB168.7 million and deferred tax credit of approximately RMB0.2 million. Our income tax expense was approximately RMB114.6 million in 2024, consisting of PRC corporate income tax payable of approximately RMB43.3 million, Solomon Islands corporate income tax payable of approximately RMB62.4 million, withholding tax payable of approximately RMB10.7 million and deferred tax credit of approximately RMB1.8 million.

The increase in our income tax expense for the year ended 31 December 2025 was primarily attributable to the significant rise in profit generated from our Gold Ridge Mine operations, which are subject to a 35% income tax rate under the Solomon Islands corporate income tax laws.

Profit for the year

As a result of the foregoing, our profit after taxation increased by approximately 116.5% or approximately RMB805.4 million, from approximately RMB691.2 million for the year ended 31 December 2024 to approximately RMB1,496.6 million for the year ended 31 December 2025. The increase was mainly attributable to the increase in sales of gold doré and gold concentrates and their profits contribution from our Gold Ridge Mine.

Our net profit margin increased from approximately 36.9% for the year ended 31 December 2024 to approximately 47.3% for the year ended 31 December 2025. Such increase was mainly due to rise in revenue and profit generated from sales of gold doré and gold concentrates with high profit margin.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 135.5% or approximately RMB779.6 million, from approximately RMB575.4 million for the year ended 31 December 2024 to approximately RMB1,355.0 million for the year ended 31 December 2025.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2025, the Group's property, plant and equipment and construction in progress were approximately RMB1,416.3 million, representing an increase of approximately RMB497.6 million or approximately 54.2% over last year mainly attributable to the purchase of mining and processing equipment and the construction of mining structures under our Gold Ridge Mine expansion plan.

Analysis of inventories

Inventories consist of raw materials, ore, processed concentrates and gold doré. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2025 and 2024, our inventories were approximately RMB333.2 million and approximately RMB174.7 million respectively. The increase in inventories was primarily attributable to higher levels of raw materials, loaded carbon and raw ore recorded during the year.

Analysis of trade receivables

Trade receivables represent receivables from the sale of processed concentrates and gold doré. Our Group generally requests our concentrates customers in PRC to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. Our trade receivables were approximately RMB272.5 million as at 31 December 2025, compared to approximately RMB164.8 million as at 31 December 2024. The increase in trade receivables as at 31 December 2025 was mainly due to sales of gold doré and gold concentrates in the Solomon Islands to customers with longer credit period as well as the overall increase in sales during the year.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls, cement and diesel oil and (ii) construction fee payable to our contractors. As at 31 December 2025 and 2024, our trade payables were approximately RMB111.1 million and approximately RMB92.8 million respectively. The trade payables as at 31 December 2025 included payable for the purchase of diesel oil of approximately RMB41.0 million, subcontracting fee payable to our contractors of approximately RMB26.6 million and drilling expenses of approximately RMB26.0 million in our Gold Ridge Mine.

Liquidity and capital resources

Our liquidity requirements relate to funding working capital, capital expenditures and maintaining cash reserves, which are funded by a combination of bank borrowings and cash generated from operation.

Our Group had cash and cash equivalents of approximately RMB1,025.3 million as at 31 December 2025, compared to approximately RMB513.7 million as at 31 December 2024, of which approximately RMB620.9 million (2024: approximately RMB268.7 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars. Such increase in bank balances and cash was mainly attributable to the increase in cash generated from operation from Gold Ridge Mine and proceeds from the placing completed during the year.

As at 31 December 2025, the Group recorded net assets of approximately RMB5,177.6 million (2024: approximately RMB3,453.3 million) and net current assets of approximately RMB3,027.1 million (2024: net current assets of approximately RMB1,864.5 million). The current ratio of the Group as at 31 December 2025 was 5.24 times as compared to 4.78 times as at 31 December 2024. The increase in net current assets were attributable to the increase in bank balances and proceeds from placing which are included in financial assets at fair value through profit or loss.

Borrowings

As at 31 December 2025, the Group had secured bank borrowings of approximately RMB88.6 million and unsecured bank borrowings of approximately RMB40.0 million (2024: secured bank borrowings of approximately RMB110.7 million and unsecured bank borrowings of approximately RMB150.0 million) in aggregate with maturity from one year to two years and effective interest rate of approximately 4.41%.

Gearing Ratio

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to approximately 2.8% (2024: approximately 7.7%). The decrease in gearing ratio was mainly attributable to the increase in bank balances and cash and financial assets at FVTPL of approximately RMB1,537.5 million.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Cash Flows

The following table sets out a condensed summary of our Group's consolidated statement of cash flows for the year ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net cash inflow from operating activities	1,571,559	843,284
Net cash outflow from investing activities	(1,085,382)	(1,555,726)
Net cash inflow from financing activities	74,048	1,050,889
Net increase in cash and cash equivalents	560,225	338,447
Effect of foreign exchange rate changes	(13,461)	3,669
Cash and cash equivalents at the beginning of the year	513,728	171,612
Cash and cash equivalents at the end of the year	1,060,492	513,728

Net cash flow from operating activities

For the year ended 31 December 2025, net cash inflow from operating activities amounted to approximately RMB1,571.6 million, which mainly comprised the profit before working capital changes of approximately RMB1,995.5 million, together with increase in trade and other payables of approximately RMB94.8 million and increase in contract liabilities of approximately RMB7.4 million and was offset by increase in trade and other receivables of approximately RMB149.2 million, increase in inventories of approximately RMB176.6 million, withholding tax paid of approximately RMB5.0 million and income tax paid of approximately RMB195.3 million.

Net cash flow from investing activities

Net cash outflow from investing activities amounted to approximately RMB1,085.4 million for the year ended 31 December 2025. It was primarily attributable to the net payment for financial assets at FVTPL of approximately RMB179.7 million, payments of capital expenditure for property, plant and equipment of approximately RMB647.9 million, payment for evaluation and exploration assets of approximately RMB74.0 million, payment for mining right of approximately RMB29.9 million, origination of loan receivable from a non-controlling shareholder of approximately RMB35.1 million, placement of restricted bank balances of approximately RMB177.0 million and was offset by interest income of approximately RMB58.2 million.

Net cash flow from financing activities

Net cash inflow from financing activities amounted to approximately RMB74.0 million for the year ended 31 December 2024. This was principally due to net proceeds from placing of approximately RMB657.7 million and new borrowings of approximately RMB90.0 million and was offset by repayment to related parties of approximately RMB0.1 million, repayment of borrowings and interests of approximately RMB229.6 million, repayment of lease liabilities of approximately RMB1.2 million, repayment of consideration payable to a former non-controlling shareholder of a subsidiary of approximately RMB10.0 as well as dividend paid to shareholders of approximately RMB432.8 million.

Capital Expenditure

The total capital expenditure of the Group increased from approximately RMB186.3 million for the year ended 31 December 2024 to approximately RMB804.4 million for the year ended 31 December 2025, representing an increase of approximately 331.8%. The capital expenditure in 2025 was primarily incurred from the purchase of mining and processing equipment and construction of mining structures at the Xinzhuang Mine and Gold Ridge Mine. Increase in capital expenditure was mainly attributable to the construction of a new 10 million tpa processing plant in our Gold Ridge Mine.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Contractual Obligations and Capital Commitment

As at 31 December 2025, the Group's capital commitments amounted to approximately RMB4.0 million, which was attributable to the development of the Xinzhuang Mine.

	RMB'000
Three new shafts projects	616
Upgrading the processing plants	2,950
Other civil work	462
	4,028

As at 31 December 2025, the Group also entered the following commitments in relation to the development of the Gold Ridge Mine.

	RMB'000
Mining structures	1,278,515
Mining and processing equipment	264,970
	1,543,485

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this annual report, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this annual report, the Group does not have any plan authorised by the Board for material investments or additions of capital assets as at the date of this annual report.

Charge on Group Assets

As at 31 December 2025, the Group's right-of-use-assets and buildings with carrying value of approximately RMB51.9 million (31 December 2024: right-of-use-assets and buildings of approximately RMB55.9 million) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balances and cash, other receivables and other payables are denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2025, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2025.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Interest Rate Risk

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the PBoC and Hong Kong Interbank Offered Rate (“HIBOR”) respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

Financial Instruments

The Group’s major financial instruments include trade and other receivables, financial assets at FVTPL, bank balances and cash, trade and other payables, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10.10 cents (equivalent to approximately HK\$11.20 cents) per Share for the year ended 31 December 2025 (2024: RMB14.50 cents per Share or RMB3.625 cents per share after share subdivision) and a special dividend of RMBnil cents per share for the year ended 31 December 2025 (2024: RMB7.50 cents per Share or RMB1.875 cents per share after share subdivision), representing approximately 33.0% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026. Based on the number of issued Shares as at the date of this annual report (excluding treasury shares), this represents a total distribution of approximately RMB447.0 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 5 June 2026, it is expected that the proposed final dividend will be paid on or before Friday, 31 July 2026.

As at the date of this annual report (i.e., 18 March 2026), the Company holds no treasury share (including any treasury shares held or deposited with Central Clearing and Settlement System) or repurchased shares pending cancellation.

ANNUAL GENERAL MEETING

The 2026 annual general meeting (the “AGM”) of the Company will be held on Friday, 5 June 2026. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 1 June 2026.

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Friday, 26 June 2026. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 24 June 2026 to Friday, 26 June 2026, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2026.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, we had a total of 1,317 (2024: 1,123) employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine.

	Number
Underground technical and supporting mine workers	
– Safety supervision	26
– Mining and geological technical staff	134
– Mining record and surveying staff	18
– Geological drilling operators	50
– Ventilation and hauling facilities and water-pump operators and maintenance staff	68
– Backfilling team	23
Processing plant workers	377
Open-pit workers	111
Laboratory staff	62
Security guards	110
Mine management and supporting staff	330
	1,309

The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees, national provident funds for our Solomon Islands employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During 2025, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 26,181 m, with drill size of 60-108 mm for the year ended 31 December 2025. We have also finished tunnel drilling of 1,431 m and completed adit mapping of 2,607 m. For the year ended 31 December 2025, approximately RMB1.2 million was incurred for the mineral exploration.

Development

During 2025, Xinzhuang Mine incurred development expenditure of approximately RMB31.5 million. Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	16.3
Machinery and electronic equipment for processing plants	14.8
Motor vehicles	0.4
	31.5

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Xinzhuang Mine *(Continued)*

Mining activities

During 2025, we processed a total of 1,104,189 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during 2025.

Type of concentrates sold	Volume
Copper in copper concentrates	4,107 Tonnes
Iron concentrates	57,083 Tonnes
Zinc in zinc concentrates	4,191 Tonnes
Sulfur concentrates	293,087 Tonnes
Lead in lead concentrates	1,216 Tonnes
Sulfur and iron concentrates	69,811 Tonnes
Gold in copper concentrates	51 Kg
Silver in copper concentrates	4,054 Kg
Gold in zinc concentrates	6 Kg
Gold in lead concentrates	80 Kg
Silver in lead concentrates	3,135 Kg
Copper in lead concentrates	128 Kg

During 2025, the incurred expenditures for mining and processing activities were approximately RMB152.1 million (2024: approximately RMB148.2 million) and approximately RMB132.8 million (2024: approximately RMB118.3 million) respectively. The unit expenditures for mining and processing activities were approximately RMB137.8/t (2024: approximately RMB136.3/t) and approximately RMB120.3/t (2024: approximately RMB108.8/t) respectively. The increase in unit expenditure for processing activities was mainly attributable to the recognition of share-based payment expenses arising from the grant of share options to certain employees, which were allocated to processing costs.

Walege Mine

The Group owns 51% equity interest of Xizang Changdu, which in turn owns the Walege Mine in which the Group can conduct both open-pit and underground mining. The Group is in the progress of converting its exploration license to mining license.

Mineral exploration

No mineral exploration was conducted in 2025. During 2025, the main activities were the license maintenance as well as various activities in connection with conversion of exploration license to mining license.

Development

During 2025, Walege Mine incurred development expenditure of approximately RMB2.1 million mainly in respect of conversion of exploration license to mining license, including completion and review by experts in respect of the environmental impact assessment report and pending for submission, initiation of green mine construction programme, organizing panel review and revision etc.

Mining activities

Since the Walege Mine is still at a development stage, no mining activity has taken place during the year ended 31 December 2025.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine

Mineral exploration

In 2025, there were a total of 1,071 holes drilled with total 124,478.66 m in Valehaichichi, Charivunga, Kupers and Dawsons deposits at the Gold Ridge Mine, comprising:

- a) 85 core drill holes with 41,158.98 m;
- b) 986 reverse circulation drill holes with 83,319.68 m;

We obtained:

- 1) The CVG section exhibits generally continuous ore bodies. Deep gold mineralisation extends southwards from Line 6 (vertical coordinate 40150) to near Line 12. The ore body remains open-ended, with mineralisation showing potential for further southwestward extension.
- 2) The base Analysis of drill hole data from the central CVG section and southern DAW section has revealed the base interface of gold mineralisation at depth, namely the contact between volcanic breccia and basalt. Mineralisation diminishes markedly below this interface, indicating this contact zone constitutes the primary regional base control for mineralisation.
- 3) Control Status of Ore Bodies in the Western Section of the DAW Deposit

The shallow ore bodies in the western section of the DAW deposit (predominantly oxidised and mixed ores) have largely been engineered for control, with ore bodies primarily occurring above the 400m elevation. During the 2025 exploration campaign, a new gold mineralised zone was discovered at elevations between 100–200m in the deeper part of this section, where limited drilling has now established engineering control. This mineralised zone measures approximately 30–80m thick with an average gold grade of about 1.0g/t, indicating potential for further exploration. Denser drilling is required for verification.

- 4) Drilling Status in Northern Area

Limited drilling effort was directed towards the area north of the CVG section this year. Existing data indicates the mineralised base gradually shallows towards the north.

In 2025, expenditure of mineral exploration was approximately RMB71.9 million. The expenditure includes direct drilling cost, energy cost and assay cost.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine *(Continued)*

Development

In 2025, the Gold Ridge Mine incurred development expenditure of RMB669.0 million mainly in respect of the construction of the tailings dry stacking facility, gold room refurbishment and flotation plant upgrade and tailings discharge pipe works.

Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	398.2
Machinery and electronic equipment for processing plants	181.9
Motor vehicles	88.9
	669.0

Mining activities

Gold Ridge Mine commenced heap leach plant trial production in August 2022, and flotation plant trial production from 1 January 2023. It has continued to ramp up to its designed production capacity during 2025.

In 2025, the flotation plant processed a total of 3,001,521 tonnes of ore and produced approximately 66,171 dry metric tonnes of gold concentrates (with an average grade of around 19.4 g/t). Knelson gravity circuit and heap leach plant produced 2,513.60 kg of gold doré (averaging 80.88% gold), which were sold to a famous refinery in Australia in 2025.

For 2025, upon completing Knelson gravity circuit and flotation plant upgrade, we expect to achieve a higher sales of gold doré and gold concentrates.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine *(Continued)*

Mining activities *(Continued)*

The following table sets forth the volume of respective products sold from the Gold Ridge Mine during 2024 and 2025:

Type of concentrates sold	2025		2024	
	Volume	Contained gold (kg)	Volume	Contained gold (kg)
Gold Doré (kg)	2,273.60	1,828	1,573.68	1,261
Gold Concentrates (tonnes)	57,860.90	1,101	44,418.20	1,110
		2,929		2,371

The following table sets forth the volume of ores mined and processed at the Gold Ridge Mine during 2024:

	2025 Volume (tonnes)	2024 Volume (tonnes)
Volume of ore mined	3,355,335	2,713,310
Volume of ore processed	3,001,521	2,281,468

During 2025, Gold Ridge Mine incurred expenditures for mining and processing activities of approximately RMB238.1 million (2024: RMB230.1 million) and RMB244.2 million (2024: RMB257.7 million) respectively. The unit of expenditures for mining and processing activities were approximately RMB71.0/t (2024: RMB84.8/t) and RMB81.4/t (2024: RMB113.0/t) respectively. The decrease in unit expenditure for processing activities was primarily attributable to the reduction in flotation costs, reflecting improved efficiency in processing operations during the year.

PROSPECT

We intend to continue to grow our business into a leading non-ferrous mining company in the PRC and South Pacific region through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased our targeted mining capacity and processing capacity of 600,000 tpa by the end of 2014 and is now at the final stage of upgrading the mining capacity to 900,000 tpa. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further grow our business and maximise returns to the Shareholders.

Management Discussion and Analysis

OUTLOOK

The restructuring of the global order and the weakening of the US dollar's creditworthiness are emerging as the primary drivers of precious metal prices. With US federal debt surpassing US\$38 trillion, the pressure of debt monetisation continues to erode the dollar's credibility. The excessive use of financial sanctions following the Russia-Ukraine conflict has further accelerated the diversification of foreign exchange reserves by non-US central banks. IMF data indicates that by the second quarter of 2025, the dollar's share of global foreign exchange reserves will have fallen to 56.32%, marking a 30-year low.

The Federal Reserve cut interest rates by a cumulative 150 basis points between 2024 and 2025, with the US Dollar Index falling 10.8% over the year and breaching the 100 threshold. Historical data confirms a pronounced inverse correlation between the US Dollar Index and precious metal prices: for every 1% decline in the dollar, London gold and copper prices rise by an average of 0.8% to 1.2%. During the initial phase of rate-cutting cycles (the six months following the first cut), gold typically surges by over 25%, with silver exhibiting even greater elasticity. Against this backdrop, both gold and silver see their dual roles as hedges and monetary assets reinforced, establishing them as core assets for mitigating risks within the fiat currency system.

Among these, the People's Bank of China's gold purchases stand out as particularly significant: by the end of November 2025, its gold reserves had reached 74.12 million ounces (approximately 2,305.39 tonnes), marking 13 consecutive months of accumulation. Compared to the global average of 15% of foreign exchange reserves allocated to gold, China's current proportion of 5.96% still offers considerable room for growth, with a clear long-term trend towards continued accumulation.

From the current perspective, the rationale behind the rise in precious and industrial metals continues to garner broad consensus among most institutions.

Views from both domestic and international institutions indicate that Goldman Sachs, JPMorgan, GF Securities, and CITIC Securities have all expressed bullish outlooks on the non-ferrous metals sector.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied with the PRC laws relating to the mineral industry such as Mineral Resources Law of the PRC, the Rules for Implementation of the Mineral Resources Law, the Procedures for the Registration of Mining and Mineral Resources and adopted other practices to ensure adherence to applicable legal and regulatory requirements in our PRC operation. The Group is also governed by the Mines and Minerals Act (including its associated amendments and regulations) and the National Minerals Policy as published by the Ministry of Mines, Energy and Rural Electrification for our Solomon Islands operation. Other laws and regulations are also of relevance to the Group by nature of its mining operations, such as the Explosives Act and Environment Act, as well as the Companies Act and the Labour Act. The Board reviews and monitors regularly the Group's policies and practices on compliance with legal and regulatory requirements. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and senior management from time to time.

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"). To the best knowledge of the Directors, the Company has complied with the relevant laws and regulations during the year ended 31 December 2025.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Mingqing (高明清), aged 73, is our chairman, chief executive officer and executive Director. He has been the general manager and a director of Yifeng Wanguo and GRML since November 2003 and August 2020 respectively. Mr. Gao was appointed as our executive Director on 13 May 2011. Mr. Gao has over 30 years of experience in the mining industry. He is primarily responsible for our business strategies planning, management and supervision of overall operations including production, business development and financing and investment activities of our Group. In January 2012, Mr. Gao received a second-class China Nonferrous Metals Industry Science and Technology Award from the China Nonferrous Metals Industry Association and the Nonferrous Metals Society of China in respect of the Integrated Technology for Complicated Hard-to-mine Heavy Water Deposits Safety Mining of the Xinzhuang Mine. Mr. Gao was recognised by the People's Government of Yichun Municipal as an Excellent Entrepreneur in 2007 and an Outstanding Individual in New Business Establishment in 2007, 2008 and 2010. He also received the title of "Outstanding Entrepreneur of the Year 2024" by Jiangxi Province Enterprise Confederation (江西省企業聯合會) and Jiangxi Province Entrepreneurs Association (江西省企業家協會). Mr. Gao is also a director of Victor Soar Investments Limited, a substantial and controlling shareholder of the Company.

Ms. Gao Jinzhu (高金珠), aged 66, has been re-appointed as our executive Director on 21 November 2024 and has been appointed as a member of nomination committee (the "Nomination Committee") of the Board on 25 June 2025. She was an executive Director from May 2011 to September 2021. She has been the deputy general manager and director of Yifeng Wanguo and a director of GRML since January 2004 and August 2020, respectively. Ms. Gao has over 30 years of experience in the mining industry. She is primarily responsible for the human resources management and community relationship of our Group. Ms. Gao completed the Business Administration Advance Research Program of the School of Continuing Education, Tsinghua University in July 2009. Ms. Gao is also a director of Achieve Ample Investments Limited, a substantial shareholder of the Company. Ms. Gao is the mother of Mr. Wang Renxiang, a non-executive Director, and the wife of Mr. Wang Weimian, a substantial shareholder (as defined in Part XV of the SFO) of the Company.

Mr. Liu Zhichun (劉志純), aged 58, is an executive Director and a member of the remuneration committee (the "Remuneration Committee") of the Board. He has been the deputy general manager of Yifeng Wanguo since he joined our Group in January 2008. Mr. Liu was appointed as an executive Director on 12 June 2012. He is primarily responsible for the marketing and sale of our products. Mr. Liu has over 25 years of experience in general marketing and sales of mining products. Prior to joining us in 2008, Mr. Liu worked in Hunan Province Chejiang Copper Mine from 1991 to 1997 where he last served as the deputy manager of the business department. Mr. Liu received a bachelor's degree in history from the Hunan University of Science and Technology, previously known as the Xiangtan Normal University, in June 1991.

Mr. Wang Guobiao (王國標), aged 54, has been appointed as our executive Director on 31 March 2025 and has been acting as the executive deputy general manager of Gold Ridge Mining Limited ("GRML"), an indirect non-wholly owned subsidiary of the Company, since 12 March 2025. He has 28 years of experience in the mining industry. He has since December 2003 held various positions in the domestic and overseas subsidiaries of Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司), a company incorporated in the People's Republic of China, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 2899) ("Zijin Mining"), including workshop director, plant director, deputy general manager, executive deputy general manager and general manager etc., and his last position was the deputy director of the technical committee of Zijin Mining.

He graduated with a bachelor's degree in mineral processing engineering from Wuhan University of Metallurgy and Technology (武漢冶金科技大學), now known as Wuhan University of Science and Technology (武漢科技大學), in July 1996. He also obtained a title of professorate senior engineer from Fujian Provincial Human Resources and Social Security Office (福建省人力資源和社會保障廳) in February 2024.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS *(Continued)*

Mr. Wang Lixin (王立新), aged 58, has been appointed as our executive Director on 3 February 2026 and he has worked with Shandong Humon Smelting Co., Ltd.* (山東恒邦冶煉股份有限公司) (“**Humon**”) since January 2017 and currently acts as vice general manager. He previously held various positions in a subsidiary of Zhaojin Mining Industry Co., Ltd (招金礦業股份有限公司), a company incorporated in the People’s Republic of China (the “**PRC**”), the shares of which are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (stock code: 1818), and his last position was vice manager in the production department from January 2013 to May 2015. Mr. Wang has also worked with Shandong Guoda Gold Co., Ltd* (山東國大黃金股份有限公司) from July 1989 to December 2012 and his last position held was vice-general manager.

He completed the Industrial Management Engineering certificate program of the Mining Department from Shenyang Gold Institute* (瀋陽黃金學院) in the PRC in July 1989. He completed a undergraduate degree in metallurgical engineering (online education) from Northeastern University (東北大學) in the PRC in January 2020. He also obtained the title of senior engineer from Shandong Provincial Senior Review Committee for Professional Titles in Gold Engineering Technology (山東省黃金工程技術職務資格高級評審委員會) in December 2020.

NON-EXECUTIVE DIRECTOR

Mr. Wang Renxiang (王任翔), aged 41, has been appointed as our executive Director on 30 September 2021 and re-designated to non-executive Director on 31 March 2025. He has been acting as the deputy general manager of Wanguo Australia International Group Pty Limited (a wholly owned subsidiary of the Company) (“**Wanguo Australia**”) since September 2017 and a director and deputy general manager of GRML since August 2020. He is primarily responsible for the development and recommissioning of Gold Ridge Project. Prior to joining the Group, Mr. Wang was an analyst at the Treasury of Australian Government from February 2011 to July 2017. Mr. Wang has been awarded a Graduate Diploma in International Affairs from the Australian National University in July 2017. He graduated with a Master of Commerce with Honours in Finance from the University of Melbourne in December 2010 and a Bachelor of Finance from the Australian National University in July 2007. Mr. Wang is the son of Ms. Gao Jinzhu, an executive Director and a substantial shareholder of the Company, and Mr. Wang Weimian, a substantial shareholder (as defined in Part XV of the SFO) of the Company.

Biographical Information of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Hung (曾偉雄), aged 52, has been appointed as our independent non-executive Director and chairman of each of the audit committee (the “Audit Committee”) of the Board and nomination committee on 2 June 2022. Mr. Tsang held the financial management position of Full Wah International Group, who is responsible for operations in Hong Kong and Oceania between May 2015 and December 2023. Prior to that, he held a number of financial management role in companies listed on the Stock Exchange, including Prosper One International Holdings Company Limited (Stock Code: 1470) and South China Holdings Company Limited (Stock Code: 413). He was with Ernst & Young from December 2000 to May 2012, where he last held the position of senior manager. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor’s degree in social science and a master’s degree in philosophy in May 1995 and December 1998 respectively. He is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chi Ming Ming (王志明), aged 54, has been appointed as our independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee on 2 June 2022. He has over 23 years of experience in financial services and capital markets. Mr. Wong worked in Dao Heng Bank (currently known as DBS Bank) from August 1994 to September 2002 where he last served as manager in enterprise banking. He joined Guotai Junan Securities (Hong Kong) Limited as a credit manager in September 2002. Mr. Wong was promoted to the director of the Credit and Risk Management Department in Guotai Junan Securities (Hong Kong) Limited in August 2009. He was promoted to the position of executive director of the Equity Financing Department of Guotai Junan Securities (Hong Kong) Limited and held the position until his retirement in August 2017. Guotai Junan Securities (Hong Kong) Limited is a subsidiary of Guotai Junan International Holdings Limited, the shares of which are listed on the Stock Exchange (Stock Code: 1788). Mr. Wong graduated in November 1994 from Hong Kong Polytechnic University with a Bachelor of Arts (Hons) Degree in Textile and Clothing Marketing. Mr. Wong obtained a Diploma in Advanced Securities Markets Analysis held by The Stock Exchange of Hong Kong Limited and The Chinese University of Hong Kong in May 1999. Mr. Wong obtained a master’s degree in Corporate Finance and a master’s degree in Professional Accounting, both from The Hong Kong Polytechnic University in November 2003 and December 2007 respectively. Mr. Wong also obtained an Executive Master of Business Administration in November 2011 from The Chinese University of Hong Kong.

Mr. Wang Xin (王昕), aged 55, has been appointed as our independent non-executive Director and a member of the Audit Committee and Remuneration Committee on 2 January 2020 and 2 June 2022 respectively. Mr. Wang was the chairman of Foshan Nanhai Antaike Trading Company Ltd, primarily involved in trading of non-ferrous metals from February 2019 to December 2021. He worked as a professor-level senior engineer in the China Nonferrous Metals Techno-Economic Research Institute, primarily involved in industry research, and serving as an assistant to the dean and vice president from July 1992 to August 2024. From December 2016 to June 2020, Mr. Wang was an independent director of Fujian Minfa Aluminum Co., Ltd, a company listed on Shenzhen Stock Exchange with stock code: 002578. Mr. Wang was the vice president of Indium and Bismuth Branch of China Nonferrous Metals Industry Association between November 2012 and November 2015. He also served as a director of the Second Session of the Aluminum Branch of the China Nonferrous Metals Industry Association from November 2012 to November 2015. Mr. Wang graduated from the Central South University of Technology in July 1992 with a bachelor’s degree in mining engineering.

Biographical Information of Directors and Senior Management

SENIOR MANAGEMENT

Mr. WONG Chi Wah (王志華), FCCA, FCPA, aged 51, is our chief financial officer and company secretary. He was appointed as chief financial officer and company secretary in July 2011 and May 2012 respectively. Mr. Wong is responsible for the management of our Group's financial matters. He has approximately 29 years of experience in auditing and accounting fields. Prior to joining our Group, Mr. Wong was the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (stock code: 48, previously stock code: 8321), a company listed on the Stock Exchange from February 2010 to June 2011. He has been appointed as an independent non-executive director of China General Education Group Limited and Add New Energy Investment Holdings Group Limited, both listed on the Stock Exchange (stock code: 2175 and 2623) since July 2022 and December 2025 respectively.

Mr. Wong received a bachelor's degree in accounting from the Hong Kong Polytechnic University in 1996. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Biographical Information of Strategic Development Committee (“SDC”)

Mr. Chen Jinghe (陳景河), aged 68, is our director of SDC. He had long served as the executive director and chairman of the board of Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司), (“**Zijin Mining**”) a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and The Stock Exchange of Hong Kong Limited (stock code: 2899), until his retirement in 2025.

Mr. Chen graduated from the Fuzhou University with a bachelor’s degree in geology and obtained an EMBA degree from the Xiamen University. He is a professor-grade senior engineer who is entitled to special allowance from the State Council. He is the founder and core leader of Zijin Mining who pioneered the “five-stage life-of-mine project management procedure by in-house capabilities” mining engineering management model. He is a renowned expert and manager both in the People’s Republic of China and abroad in the fields of metallic mineral resources exploration and development.

Mr. Zhang Songlin (張松林) (“Mr. Zhang”), aged 66, is a committee member of SDC and is our Strategic Investment Expert in Mining Resources. He previously served as an external Chief Technical Advisor for the Company. He served as a board director of Baosteel Resources Co., Ltd. and Baosteel Resources (International) Co., Ltd from 2018 to 2024. He worked as Vice President and Chief Engineer of China Gold International Resources Corp. Ltd. from February 2012 to May 2018, a company dual-listed on The Stock Exchange of Hong Kong Limited (Stock Code: 2099) and the Toronto Stock Exchange (Stock Code: CGG). He also worked for Newmont Gold and Kinross Gold for the gold projects in North and South America.

Mr. Zhang has over 40 years of experience in the mining industry across North America, South America, Africa, Russia and China, with extensive expertise in mine project evaluation, reserve and resource estimation, mine planning and economic analysis.

Mr. Zhang holds a Master’s Degree in Mining Engineering from Mackay School of Mines, University of Nevada-Reno in Nevada, USA, a Master’s Degree in Mining Engineering from the University of Science and Technology Beijing, China and a Bachelor’s Degree in Mining from the University of Science and Technology Beijing, China. Mr. Zhang is a registered member of The Society for Mining, Metallurgy and Exploration and is a Qualified Person as defined in National Instrument 43-101 of the Canadian Securities Administrators.

Mr. Luo Yingnan (羅映南) (“Mr. Luo”), aged 68, has been appointed as a committee member of SDC and is our Strategic Development Specialist in Mining Resources. He has more than 40 years of experience in mineral exploration and development.

Mr. Luo served as Vice Chairman of Xiamen Hengxing Group Co., Ltd., mainly for overseeing mining development during 2014 and 2021. He also held various positions in Zijin Mining, including General Manager, Vice Chairman, and President from 2000 to 2013. From 1998 to 1999, he served as Manager of Longyan City Metallurgical Industry Company (龍岩市冶金工業公司). From 1993 to 1997, he held the position of Deputy Manager at Fujian Province Longyan City Coal Industry Company (福建省龍岩市煤炭工業公司). Between 1991 and 1992, Mr. Luo served as Team Leader of the Second Geological Survey Team under the Second Geological Survey Bureau of the Ministry of Metallurgical Industry (冶金工業部第二地質勘查局二隊).

Mr. Luo graduated from Fuzhou University with a Bachelor of Engineering degree in Geology in October 1983. He is a professor-grade senior engineer. He also obtained the title of professor-grade senior engineer from Fujian Provincial Personnel Department (福建省人事廳) in June 2005.

Biographical Information of Strategic Development Committee (“SDC”)

Mr. Chen Jiahong (陳家洪) (“Mr. Chen Jiahong”), aged 56, has been appointed as a committee member of SDC and as Expert in Integrated Management of Mining Resources. He has over 30 years experiences in mining industry.

Mr. Chen Jiahong was Vice President of the Board of Directors of Xiamen Hengxing Group Company Limited (廈門恒興集團有限公司) from January 2021 to December 2023. From August 2016 to December 2019, he served as Vice President of Xinjiang Guanghui Industrial Investment (Group) Co., Ltd. (新疆廣匯實業投資(集團)有限責任公司) and concurrently as the Chairman of Xinjiang Hotan Guanghui Zinc Industry Co., Ltd (新疆和田廣匯鋅業有限公司). He also held various positions in Zijin Mining, including Director of the Zijin Mountain Gold and Copper Mine, General Manager of a subsidiary, and Vice President of Zijin Mining Group. He worked at the Fujian Provincial Eighth Geological Brigade (福建省第八地質大隊) from July 1990 to July 1994.

Mr. Chen Jiahong graduated from Kunming Geological School (昆明地質學校), majoring in geological prospecting in June 1990 and graduated from China University of Geosciences (中國地質大學), majoring in business administration (on-line education) in July 2004. He completed studies at the Executive Master of Business Administration (EMBA) programme, Xiamen University in September 2012. He also obtained a title of the senior engineer in Geological Engineering from the Personnel Bureau, Xinjiang Uygur Autonomous Region.

Mr. Liao Minghe (廖明和) (“Mr. Liao”), aged 63, has been appointed as a committee member of SDC and is our Geological Resources Exploration Specialist. He has more than 35 years of experience in mineral exploration.

Mr. Liao previously held positions including Project Technical Leader, Head of Research, Director of the Geological Exploration Institute, Deputy Chief Engineer and Chief Engineer at the Brigade within Jiangxi Provincial Geological Mineral Exploration and Development Co., Ltd., (江西省地質礦產勘探開發有限公司) during 1996 and 2007 as well as Chief Engineer at Jiangxi Provincial Geological Mineral Resources Exploration and Development Co., Ltd (江西省地質礦資源勘探開發有限公司) during 2007 and 2016. His primary responsibilities included field geological exploration and technical management for metallic and non-metallic mineral deposits, alongside coal mining operations.

He was awarded the Second Prize, Ministry of Land and Resources Science and Technology Award in 2002. He was awarded the First Prize for Planning Achievements issued by Ministry of Land and Resources in 2005.

Mr. Liao graduated from Huainan Institute of Mining and Technology with the bachelor of Engineering in Coalfields and Geological Exploration. He was the Professor-level Senior Engineer in Geology and Mineral Resources in 2003 and holds Registered Mine Engineer Resource Appraiser Qualification.

Mr. Wen Baolin (文保林) (“Mr. Wen”), aged 67, has been appointed as a committee member of SDC and is our Mineral Processing Technologist.

He was our non-executive Director from June 2012 to March 2016. He has served as our technical adviser of PRC operating entity on a part-time basis since December 2007. He has been responsible for advising on the development and design of our mines as well as operational management in respect of technical area. From 2005 to 2007, he served as Deputy General Manager of a subsidiary of the Company, concurrently holding the position of Mine Manager at the Yifeng Wanguo Xinzhuang Copper-Lead-Zinc Mine in Jiangxi Province. He worked for Hunan Shuikoushan Non-ferrous Metal Group Limited (湖南水口山有色集團有限公司), previously known as Hunan Shuikou Mining Bureau (湖南水口山礦務局) from 1982 to 2005, where he last served as the manager for material sourcing of a branch company in Hunan Shuikoushan Non-Ferrous Metal Group Limited.

He was recognized as senior engineer in non-ferrous mine processing by Hunan Resources Office of Hunan Province (湖南省人事廳) in 1993. Mr. Wen received a bachelor’s degree in mine processing from the Central South University (中南大學), previously known as the Central South Mining College (中南礦冶學院) in July 1982.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 (formerly Appendix 14) to the Listing Rules. Throughout 2025, the Company had complied with all applicable code provisions of the CG Code, except for the deviation from code provisions C.2.1 and C.2.7 as described in the relevant paragraphs of this corporate governance report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules (the "Model Code"). Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2025 and up to the date of this annual report.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2025.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2025 and up to the date of this annual report (i.e., 18 March 2026) are as follows:

Executive Directors:

Mr. Gao Mingqing (*Chairman and Chief Executive Officer*)

Ms. Gao Jinzhu

Mr. Liu Zhichun

Mr. Wang Guobiao (appointed on 31 March 2025)

Mr. Wang Lixin (appointed on 3 February 2026)

Non-executive Director:

Mr. Wang Renxiang (re-designated on 31 March 2025)

Independent non-executive Directors:

Mr. Tsang Wai Hung

Mr. Wong Chi Ming Ming

Mr. Wang Xin

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the current Directors and the relationship among the members of the Board are set out in the "Biographical Information of Directors and Senior Management" on pages 38 to 41 of this annual report. Save as disclosed in this annual report, and to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationships among the members of the Board.

Before their respective appointments taking effect, Ms. Gao Jinzhu (appointed on 21 November 2024) and Mr. Li Feilong (appointed on 6 August 2024 and resigned on 21 November 2024) had obtained legal advice from our legal adviser to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules and had each confirmed that they understood their obligations as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

Before Mr. Wang Guobiao and Mr. Wang Lixin appointment became effective, both of them had obtained legal advice from our legal adviser to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules and had each confirmed that they understood their obligations as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

During the year and as at 31 December 2025, the Board complied with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers all the independent non-executive Directors to be independent.

ROLES AND RESPONSIBILITIES OF THE DIRECTORS

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Supervision of the financial performance and risk management and internal control of the Group's business operations;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Review of remuneration of Directors; and
- Recommendation and declaration of any interim and final dividends.

The Board has delegated a schedule of responsibilities to the executive Directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (the “Committees”, each a “Committee”) for overseeing particular aspects of the Company's affairs. A copy of the current terms of reference of each Committee is available on the Investor Relations section of the Company's website. To comply with the Listing Rules, the terms of reference of each Committee are also available on the website of Hong Kong Exchanges and Clearing Limited (“HKEX”). The Board delegates its powers and authorities from time to time to the Committees in order to ensure operational efficiency and specific issues are being handled with relevant expertise. The Committees do not take action or make decision on behalf of the Board unless specifically mandated by prior Board authority to do so.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions of corporate governance. For the year ended 31 December 2025, the Board performed the functions of corporate governance as set out in code provision A.2.1 of the CG Code.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Gao Mingqing, in addition to his duties as the chairman of the Board (the “Chairman”), is also responsible for the strategic planning and overseeing all aspects of the Group’s operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision C.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group’s operations are clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

BOARD MEETINGS

The Company held thirteen Board meetings during the year ended 31 December 2025, five of which were held for reviewing and approving the financial and operating performance, considering the overall strategies and policies of the Group as well as reviewing the implementation and effectiveness of the Board Diversity Policy (as defined below), the availability of independent views and inputs to the Board, and change of composition of nomination committee and the remaining Board meetings were held for approving the corporate guarantee to subsidiaries, processing technical service and expansion feasibility study contracts, grant of share options, appointment of Mr. Wang Guobiao, top-up sales of existing shares and subscription of new shares under general mandate.

The following table shows the attendance record of each Director at the Board meetings and the annual general meeting held during the year ended 31 December 2025:

Members	Attendance/Number of meetings	
	Board meeting	Annual general meeting
<i>Executive Directors</i>		
Mr. Gao Mingqing	13/13	✓
Ms. Gao Jinzhu	13/13	✓
Mr. Liu Zhichun	12/13	✓
Mr. Wang Guobiao (appointed on 31 March 2025)	8/9	✓
Mr. Wang Lixin (appointed on 3 February 2026)	N/A	N/A
<i>Non-executive Director</i>		
Mr. Wang Renxiang	13/13	✓
<i>Independent non-executive Directors</i>		
Mr. Tsang Wai Hung	13/13	✓
Mr. Wong Chi Ming Ming	13/13	✓
Mr. Wang Xin	13/13	✓

According to code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the year, the Chairman did not hold any meeting with the independent non-executive Directors without other Directors present. Nevertheless, from time to time, the independent non-executive Directors express their views directly to the Chairman via other means including correspondences and emails.

Corporate Governance Report

PRACTICES AND CONDUCT OF MEETINGS

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings to give all Directors an opportunity to attend. For other board meetings, reasonable notices have been given to all Directors.

The Directors will receive details of agenda and minutes of Committee/Board meetings in advance of and after each Committee/Board meeting respectively. The company secretary of the Company (the “**Company Secretary**”) will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with legal adviser of the Company, advising the Board on compliance matters. Moreover, the Company Secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or Director has a conflict of interest in a matter to be discussed by the Board which the Board considers material, such matter shall be considered at a Board meeting instead of resolved by written resolutions. Independent non-executive Directors who and whose close associate(s) have no material interest in the matter should be present at such a Board meeting.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

In accordance with code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director’s responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate.

Relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. Directors are encouraged to attend relevant training courses at the Company’s expenses.

During the year ended 31 December 2025, all Directors have provided a record of their training to the Company Secretary. All Directors confirmed that they have read training materials provided by the Company in respect of corporate governance, updates of the Listing Rules and the Companies Ordinance.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS *(Continued)*

A summary of training received by the Directors for the year ended 31 December 2025 according to the records provided by the Directors is as follows:

<u>Name of the Directors</u>	<u>Reading on corporate governance, regulatory updates, development and other relevant topics</u>
<i>Executive Directors</i>	
Mr. Gao Mingqing	✓
Ms. Gao Jinzhu	✓
Mr. Liu Zhichun	✓
Mr. Wang Guobiao (appointed on 31 March 2025)	✓
Mr. Wang Lixin (appointed on 3 February 2026)	N/A
<i>Non-executive Director:</i>	
Mr. Wang Renxiang (re-designated on 31 March 2025)	✓
<i>Independent non-executive Directors</i>	
Mr. Tsang Wai Hung	✓
Mr. Wong Chi Ming Ming	✓
Mr. Wang Xin	✓

On 22 February 2026, each of Mr. Gao Mingqing, Ms. Gao Jinzhu, Mr. Liu Zhichun, Mr. Wang Guobiao, Mr. Wang Renxiang, Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin attended the training session relevant to the Directors' duties and responsibilities as well as the legal and regulatory updates organised by the Company with the legal adviser of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Every Director (including executive Directors and independent non-executive Directors) has been appointed for a term of three years with automatic renewal, subject to termination by either party giving the other at least one month's written notice and rotation and re-election requirement under the Listing Rules and the Articles.

The procedures and process of appointment, re-election and removal of the Directors have been set out in the Articles. The Nomination Committee is responsible for reviewing the Board's composition, developing and formulating relevant procedures for nomination and appointment or re-appointment of the Directors, monitoring appointment and succession planning of the Directors, and assessing independence of the independent non-executive Directors, as detailed below under the sub-section headed "Nomination Committee".

According to article 87 of the Articles, one-third of the Directors (or if their number is not a multiple of three, the number nearest to but no less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election.

Mr. Gao Mingqing, Mr. Liu Zhichun and Mr. Tsang Wai Hung will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

Mr. Liu Zhichun has notified the Company his intention to retire as executive Director at the AGM and not stand for re-election thereat.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS *(Continued)*

Pursuant to article 86(3) of the Articles, Mr. Wang Lixin was appointed by the Board as executive Director on 3 February 2026, shall retire from office at the AGM and, being eligible, offer herself for re-election.

On 18 March 2026, the Board accepted the nomination from the Nomination Committee and recommended the retiring Directors to stand for re-election at the AGM.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged for appropriate insurance cover to protect Directors from possible legal action against them.

NOMINATION COMMITTEE

The Nomination Committee was established on 12 June 2012 with written terms of reference in compliance with the CG Code. The Nomination Committee is mainly responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and making recommendations on any proposed changes (if any) to the Board to complement the Company's corporate strategy; (ii) identifying and recommending individuals suitably qualified to become Board members and selecting or making recommendations to the Board on selection of individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board regarding appointment or re-appointment of Directors and succession planning for Directors.

As at the date of this annual report, the Nomination Committee comprises one executive Director, namely Ms. Gao Jinzhu, and two independent non-executive Directors, namely Mr. Tsang Wai Hung and Mr. Wong Chi Ming Ming. Mr. Tsang Wai Hung has been appointed as the chairman of the Nomination Committee.

Board Diversity

The Nomination Committee has adopted a policy concerning diversity of Board members (the "**Board Diversity Policy**"), which is achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience of the Board members.

All appointments to the Board will be based on merits against the selection criteria, having due regard to the benefits of diversity on the Board as well as the Company's own business model and specific needs arising from time to time. The Board and the Nomination Committee will review the Board Diversity Policy and its effectiveness regularly, monitor its implementation by conducting review of the Board composition under diversified perspectives and discuss any need for changes with the Board and recommend changes to the Board Diversity Policy to the Board for its consideration and approval.

The Board currently has one female Director and has therefore achieved gender diversity in respect of the Board. We will strive to maintain our female representation. The female ratio in the workforce (including senior management) was approximately 12.5% in 2025. Due to the nature of mining business, the female ratio of the Group is relatively low compared with other industry.

Nomination Policy

On 29 March 2019, the Board has adopted a nomination policy (the "**Nomination Policy**") to assist the Board in identifying suitably qualified candidates and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors as well as providing the selection criteria and procedures adopted for making recommendations by the Nomination Committee. A summary of the selection criteria and procedures for recommendation and selection of candidates for directorship is disclosed below.

Corporate Governance Report

NOMINATION COMMITTEE *(Continued)*

Nomination Policy *(Continued)*

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee shall consider, among others, the following factors:

- reputation for integrity;
- accomplishment, experience and reputation of the relevant business of the Group;
- time to be devoted and attention to the affairs of the Company;
- diversity of the Board in all aspects, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience;
- compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations.

Nomination Procedures

To nominate a candidate for the appointment and/or re-appointment of Directors, the procedures are as follows:

- The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members;
- Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company and for public disclosure of their personal data on any documents or relevant website in connection with their nomination or otherwise pursuant to applicable rules and regulatory requirements. Recommendation will then be made by the Nomination Committee upon review of the relevant documents for Board's consideration and approval. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;
- In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the candidates to stand for re-election at a general meeting;
- Please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website, for procedures for shareholders' nomination of any candidate for election as a Director; and
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

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

Corporate Governance Report

NOMINATION COMMITTEE *(Continued)*

During the year ended 31 December 2025, two meetings were held by the Nomination Committee to review and make recommendations to the Board on the re-appointment of each Director prior to that Director seeking for re-election at the following annual general meeting as well as reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and assessment of independence of independent non-executive Directors, appointment of Mr. Wang Guobiao and appointment of Mr. Wang Lixin. The recommendations were made in accordance with the objective criteria with due regard for the benefits of diversity as set out in the Board Diversity Policy and the Articles. The following table shows the number of attendance of each member at the meeting of the Nomination Committee held during the year:

Members	Attendance
Mr. Tsang Wai Hung (<i>Chairman</i>)	2/2
Mr. Wong Chi Ming Ming	2/2
Mr. Wang Xin	1/1
Ms. Gao Jinzhu	1/1

On 22 December 2025, the Nomination Committee had recommended to the Board the re-appointment of Mr. Gao Mingqing, Mr. Liu Zhichun and Mr. Tsang Wai Hung for re-election at the forthcoming AGM. The Board had accepted the Nomination Committee's recommendation.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 June 2012 with written terms of reference in compliance with code provision E.1.2 of the CG Code in force during the year. The primary duties of the Remuneration Committee include developing remuneration policies of the Directors, evaluating the performance, making recommendations on the remuneration package of our Directors and senior management and evaluating and making recommendations on employee benefit arrangements. As at the date of this annual report, the Remuneration Committee comprises one executive Director, namely Mr. Liu Zhichun, and two independent non-executive Directors, namely Mr. Wong Chi Ming Ming and Mr. Wang Xin. Mr. Wong Chi Ming Ming has been appointed as the chairman of the Remuneration Committee.

During the year ended 31 December 2025, three meetings were held by the Remuneration Committee for reviewing, assessing and making recommendations to the Board on the remuneration packages of the Directors and senior management with reference to their performances for 2025, recommendation on remuneration package of newly appointed Directors, namely, Mr. Wang Guobiao and Mr. Wang Lixin as well as approving share options granted to relevant Directors, employees and service providers. In relation to the grant of share options to the Directors during the year without performance targets, having considered that (i) the share options to be granted will give the Director grantees an opportunity to have a personal stake in the Company, which will help motivate the Director grantees in improving their performance and efficiency; (ii) the number of share options to be granted is based on, among other things, the work performance, past contribution to the Group and potential of the Director grantees; and (iii) the value of the share options is subject to the market price of the Shares, which, in turn, depends on the business performance of the Group, to which the Director grantees would directly contribute, and the Director grantees will benefit more from the share options if the price of the Shares increases, the Remuneration Committee and the Board considered that notwithstanding the absence of the performance targets, the grant of the share options aligns with the purpose of the 2024 Share Option Scheme. The following table shows the number of attendance of each member at the meetings of the Remuneration Committee held during the year:

Members	Attendance
Mr. Wong Chi Ming Ming (<i>Chairman</i>)	3/3
Mr. Liu Zhichun	2/3
Mr. Wang Xin	3/3

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee was established on 12 June 2012 in compliance with Rule 3.21 of the Listing Rules, with written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code.

The primary duties of the Audit Committee are, among other things, to provide independent view of our financial reporting process, risk management and internal control systems, oversee the audit process and perform other duties and responsibilities as assigned by the Board. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming, and Mr. Wang Xin. Mr. Tsang Wai Hung has been appointed as the chairman of the Audit Committee.

During the year ended 31 December 2025, four meetings were held by the Audit Committee to discharge its responsibilities and to review the Group's annual and interim results, reporting and compliance procedures, the re-appointment of the external auditor, audit planning meeting with external auditor and review internal control report with external consultant. The following table shows the number of attendance of each member at the meetings of the Audit Committee held during the year:

Members	Attendance
Mr. Tsang Wai Hung (<i>Chairman</i>)	4/4
Mr. Wong Chi Ming Ming	4/4
Mr. Wang Xin	4/4

The Audit Committee reviews the interim and annual reports respectively as well as the results announcements before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on ensuring compliance with accounting standards, the Listing Rules and the legal requirements in respect of the Company's interim and annual reports as well as the results announcements.

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

On 18 March 2026, the Group's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee, and it considered that the said annual results are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the total fee paid/payable to the Group's external auditor, Deloitte Touche Tohmatsu, in respect of annual audit services and non-audit services are set out below:

	Fees paid/payable RMB'000
<i>Audit services</i>	
Annual audit services	2,162
Non-audit services	302
Total	2,464

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2024, which give a true and fair view of the financial position of the Group. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems has been designed to safeguard the assets of the Group, maintain proper accounting records, execute with appropriate authority and comply with the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. They have carried out an annual review of the implemented systems and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The risk management and internal control systems are implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

For the year ended 31 December 2025, the Board considered that the Company's risk management and internal control systems are adequate and effective, and that save as disclosed in this report the Company has complied with the CG Code.

Main features of risk management and internal control systems

The Company has adopted a risk management policy which is applicable to the Group with objectives of:

- (i) determination of risk acceptable to the Group;
- (ii) identification and prioritisation of the risk arising from the Group's operating activities;
- (iii) placing of appropriate mitigation or treatment strategies to manage, transfer or avoid risks; and
- (iv) annual review of risks and relevant mitigation strategies for their appropriateness.

To help ensure all risks which are relevant to the Group are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe working environment for the Group's employees;
- safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Group complies with legal and regulatory obligations;
- achieving established objectives and goals;
- reliability and integrity of financial and operational information;
- compliance with internal policies and procedures; and
- changes in the Group's internal and external environments.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Main features of risk management and internal control systems *(Continued)*

Measures of consequence and likelihood have been determined and are used on a consistent basis. Risk assessment process consists of:

- (i) the Group's primary risk assessment process comprises a comprehensive annual risk review. This review involves a complete re-development and re-assessment of the risks to the Group. A team approach comprising senior management from all business units of the Group's operations is used in this assessment phase;
- (ii) the review is coordinated with the strategic planning cycle of the Group to ensure risk associated with all strategic business objectives and activities are considered;
- (iii) risks identified by each business unit who review their risk profiles annually, and results of internal audit work, are also incorporated into the review;
- (iv) the Group's senior management team measures the risks which have been identified and prioritises them in terms of their impact on the Group;
- (v) results of the annual review are documented, and include mitigation strategies where appropriate; and
- (vi) the Board and the Audit Committee perform annual review.

During 2024, the Company has appointed Infinity Concept Ripple Limited, an independent consultant, to take up the role of the Group's internal audit function, reviewing the effectiveness of the risk management and internal control systems as well as providing any recommendations for material defects to the Group.

The Group has also adopted an "Insider Information Dissemination" policy as follows:

- (i) all Directors and senior management have been advised to follow the policy;
- (ii) any potential insider information identified by any business units should be notified to the Company Secretary immediately. Such information should be kept confidential and to allow the Board or senior management for investigation and consultation with legal adviser;
- (iii) the Company Secretary will draft the appropriate announcements for the Board's approval and arrange for publication to the public as soon as practicable; and
- (iv) in case, the issue is complicated and requested more time to handle or has been known to the public, the Company Secretary will apply for a temporary suspension of trading from the Stock Exchange with the reasons on hand before issuing an appropriate and complete announcement.

WHISTLEBLOWING POLICY

On 15 March 2023, the Board has adopted a written whistleblowing policy with an aim to provide reporting channels and guidance on reporting possible improprieties in matters of financial reporting or other matters, and reassurance to persons reporting his or her concerns under this policy (the "Whistleblowers") of the protection that the Group will extend to them against unfair disciplinary action or victimisation for any genuine reports made. In general, the Whistleblowers can make their reports to the Chairman of the Audit Committee in writing by post in a sealed envelope clearly marked "To be opened by the addressee only" at our Hong Kong office or through email: wb@wgmine.com.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary has attended more than 15 hours of continuing professional development training arranged by several professional bodies during the year ended 31 December 2025.

DIVIDEND POLICY

On 29 March 2019, the Board has adopted a dividend policy with an aim to provide the Shareholders with stable and sustainable returns.

The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the Articles, an extraordinary general meeting shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition in aggregate one-tenth or more of the voting rights (on a one vote per share basis) in the share capital of the Company. Such members shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Regarding proposing a person for election as a Director, please refer to the procedures available on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Unit 1, 28/F., Singga Commercial Centre, 144-151 Connaught Road West, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include the publication of interim and annual reports, notices, announcements and circulars, the Company's website at www.wgmine.com and meetings with investors and analysts. The Group has adopted a written shareholders communication policy on 15 March 2022 with the objective of providing its Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company encourages all Shareholders to attend the annual general meetings to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its Shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from the Shareholders. The poll results are published on the websites of the Company and HKEX. News updates of the Group's business are also available on the Company's website. Shareholders and investors are welcome to give their views and make enquires to the Company's email box, info@wgmine.com.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company has not made any changes to its memorandum and Articles.

Directors' Report

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

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the business of mining, ore processing and sale of the concentrates products and gold products in the PRC and Solomon Islands respectively. A review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 December 2025 and the material factors underlying its results and financial position are provided in the sections of "Chairman's Statement" and "Management Discussion and Analysis" respectively from pages 3 to 4 and pages 5 to 37 of this annual report. The outlook of the Company's business is discussed throughout this annual report.

An indication of likely future development in the Group's business is set out and included in the section headed "Business Review" on page 9 and "Prospect" of "Management Discussion and Analysis", on page 36.

The Group's environmental policies and performance are set out and included in the "Environmental, Social and Governance Report" separately from this annual report and the "Environmental and Social Matters" set out in the paragraph 39 below. Compliance with relevant laws and regulations which have a significant impact on the Company is set out and included in the section headed "Compliance with the Relevant Laws and Regulations" of "Management Discussion and Analysis" on page 37 of this annual report.

An account of the Company's relationships with its key stakeholders (including substantial Shareholders, employees, suppliers and customers) is included in the "Investor relations and communication with Shareholders" set out in the "Corporate Governance Report", "Substantial Shareholders' and other parties' Interests in Securities" and "Emolument Policy" set out in paragraphs 24 and 19 respectively below. The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, customers and suppliers. During the year ended 31 December 2025, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

2. PRINCIPAL RISKS AND UNCERTAINTIES

(i) Accuracy of the mineral resources and reserves estimates of the Xin Zhuang Mine and Gold Ridge Mine are based on a number of assumptions and we may produce less mineral concentrates than our estimates

The mineral resources and reserves estimates of the Xin Zhuang Mine and Gold Ridge Mine are based on a number of assumptions that have been made by an independent technical expert in accordance with the JORC Code. Resources and reserves estimates involve expressions of judgement based on various factors such as knowledge, experience and industry practice, number of drilling and sampling of the ore body and analysis of the ore samples etc.

The Group has already completed additional exploration outside the planned mining area in the Xin Zhuang Mine within the boundary covered by the current mining license and a mineral resources verification report has been finished in April 2014 and obtained registration in December 2014 for the purpose of the application of increasing the mining capacity set forth in its mining license. Additional reserves discovered during the aforesaid exploration allows us to upgrade the mining capacity.

The Group has also performed drillings in our planned mining area in the Solomon Islands. The Group has published the results on 15 March 2026. The total mineral resources increased significantly from 191.9 million tonnes with 7.2 million ounce contained gold as at 31 December 2024 to 464.9 million tonnes with 13.0 million ounce contained gold as at 31 December 2025, representing an increase of 142.2% and 80.6% respectively. Subsequent to the completion of pit designs and production plan, relevant resources will then be converted to reserves and allow us to upgrade the mining capacity.

Directors' Report

2. PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

(ii) Risks of safety production

Although the Group maintains a high standard in safety production, the non-ferrous metal mining is still a hazardous industry and faces uncertainties caused by production environment, natural disaster and so on. Safety production is the top priority of the Group to achieve sustainable and stable development.

We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection.

(iii) Fluctuations in the commodity markets

Our profit is mainly generated from sales of concentrates and gold products we produce. The price we obtain for our concentrates is determined by the amount of copper, iron, zinc and other metals contained in the concentrates and the market prices for these metals and the same applies to our gold products as well. The market price of these metals has fluctuated widely and has experienced periods of significant decline. We have limited ability to anticipate and manage commodity price fluctuations.

The Group has considered the use of hedging products available in the market to reduce the effect of such fluctuations.

3. RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 73.

The state of affairs of the Group and of the Company at 31 December 2025 are set out in the consolidated statement of financial position on pages 74 to 75 and statement of financial position of the Company on page 146 respectively.

4. SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 32 to the consolidated financial statements.

5. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 42 to the consolidated financial statements.

6. SUMMARY OF FINANCIAL INFORMATION

A summary of financial results and of the assets and liabilities of the Group for the last five financial years are set out in the section headed "Summary of Financial Information" on page 148 in this report.

7. RESERVES

The movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during the year are set out in Note 44 to the consolidated financial statements.

8. DISTRIBUTABLE RESERVES

As of 31 December 2025, the Company's reserves available for distribution to owners of the Company comprising share premium account add retained profits, and amounted to approximately RMB2,481.9 million (2024: RMB2,261.3 million).

Directors' Report

9. FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10.10 cents (equivalent to approximately HK\$11.20 cents) per Share for the year ended 31 December 2025 (2024: RMB14.50 cents per Share or RMB3.625 cents per share after share subdivision) and a special dividend of RMBnil cents per share for the year ended 31 December 2025 (2024: RMB7.50 cents per Share or RMB1.875 cents per share after share subdivision), representing approximately 33.0% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026. Based on the number of issued Shares (excluding treasury shares) as at the date of this annual report, this represents a total distribution of approximately RMB447.0 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 5 June 2026, it is expected that the proposed final dividend will be paid on or before Friday, 31 July 2026.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

10. PROPERTY, PLANT, AND EQUIPMENT

Additions to the property, plant and equipment of the Group was approximately RMB579.1 million for the year ended 31 December 2025. Details of the movements during the year in the Group's property, plant and equipment are set out in Note 15 to the consolidated financial statements in this annual report.

11. DONATIONS

Donations made by the Group during the year ended 31 December 2025 amounted to approximately RMB8,280,000 (2024: RMB1,527,000).

12. MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers in aggregate accounted for approximately 95.3% (2024: 90.3%) of the total sales for the year ended 31 December 2025 and sales to the largest customer accounted for approximately 49.2% (2024: 35.6%) of the total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 61.4% (2024: 66.5%) of the total purchases for the year ended 31 December 2025 and purchases from the largest supplier accounted for approximately 28.2% (2024: 22.1%) of the total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had directly, or indirectly had any interest in the Group's five largest customers and suppliers during the year ended 31 December 2025.

13. MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the management and administration of the whole or any substantial part of any business of the Company during the year ended 31 December 2025.

Directors' Report

14. DIRECTORS

The Directors who held office during the year ended 31 December 2025 and up to the date of this annual report are as follows:

Executive Directors:

Mr. Gao Mingqing (*Chairman and Chief Executive Officer*)

Ms. Gao Jinzhu

Mr. Liu Zhichun

Mr. Wang Guobiao (appointed on 31 March 2025)

Mr. Wang Lixin (appointed on 3 February 2026)

Non-executive Director:

Mr. Wang Renxiang (re-designated on 31 March 2025)

Independent non-executive Directors:

Mr. Tsang Wai Hung

Mr. Wong Chi Ming Ming

Mr. Wang Xin

In accordance with article 87 of the Articles, all Directors are subject to retirement by rotation at least once every three years. Mr. Gao Mingqing, Mr. Liu Zhichun and Mr. Tsang Wai Hung will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election. Mr. Liu Zhichun has notified the Company his intention to retire as executive Director at the forthcoming AGM and not stand for re-election thereat.

In accordance with article 86(3) of the Articles, Mr. Wang Lixin who was appointed by the Board as executive Director on 3 February 2026, shall retire from office at the AGM and, being eligible, offer herself for re-election.

15. BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical information of the current Directors and senior management of the Group are set out on pages 38 to 41 of this annual report.

16. DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes of Director's information have been properly disclosed in "Biographical information of the Directors and senior management" which set out on pages 38 to 41 of this annual report pursuant to the Rule 13.51B(1) of the Listing Rules.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Report

17. DIRECTORS' SERVICE AGREEMENTS AND LETTER OF APPOINTMENT

Each of the Directors has entered into a service agreement or letter of appointment with the Company for a term of three years which is renewable for subsequent periods of three years, unless terminated by at least one month's written notice served by either party at any time during the then existing term.

None of the Directors, including those proposed for re-election at the forthcoming AGM, has an unexpired service agreement which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

18. PERMITTED INDEMNITY PROVISION

The Company has arranged for an appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when this Directors' Report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

19. EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The emoluments of the Directors are reviewed by the Remuneration Committee and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Company's operating results and comparable market statistics.

The Company has adopted the 2024 Share Award Scheme and 2024 Share Option Scheme on 15 January 2025 to which the Directors, eligible employees and services providers are entitled to participate in. The Company operates the two schemes for the purpose of encouraging, retaining and attracting talents of significant importance to the future business development of the Group. Details of the schemes are set out in paragraphs 37 and 38 below.

20. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

According to the code provision E.1.5 of the CG Code, details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in Notes 11 and 12 to the consolidated financial statements.

21. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has presented an annual confirmation letter to confirm his independence. The Company has reviewed the independence of each of the independent non-executive Directors and considers all the independent non-executive Directors to be independent.

22. CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out on the Model Code. The Company, having made specific enquiries to all Directors, has confirmed that all the Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2025 and up to the date of this annual report.

The Company has also established the Employees Written Guidelines for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2025.

Directors' Report

23. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2025, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO as notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long positions in Shares

Name of Directors	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of shareholding in the Company
Mr. Gao Mingqing	Interest in controlled corporation	1,131,640,000 ⁽¹⁾	25.57%
Ms. Gao Jinzhu	Beneficial owner and interest in controlled corporation	564,388,000 ⁽²⁾	12.75%

Notes:

1. The 1,131,640,000 Shares (or 282,910,000 Shares before Share Division) were owned by Victor Soar Investments Limited which is wholly owned and controlled by Mr. Gao Mingqing. Ms. Gao is interested in 4,320,000 underlying Shares of the Company pursuant to the grant of 4,320,000 share options (1,080,000 Shares before Share Division) by the Company on 20 March 2025 pursuant to the Share Option Scheme.
2. 556,080,000 Shares were owned by Achieve Ample Investments Limited which is wholly owned and controlled by Ms. Gao Jinzhu. In addition, Ms. Gao Jinzhu owns 8,308,000 Shares as the beneficial owner. In addition, Ms. Gao is interested in 1,600,000 underlying Shares of the Company pursuant to the grant of 1,600,000 share options (400,000 Shares before Share Division) by the Company on 20 March 2025 pursuant to the Share Option Scheme.

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

Directors' Report

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 31 December 2025, the following persons, other than the Directors and chief executives of the Company, had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Long positions in Shares

Name of shareholders	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of shareholding in the Company
Victor Soar Investments Limited ⁽¹⁾	Beneficial owner	1,131,640,000	25.96%
Ms. Lin Yinyin ⁽²⁾	Interest of spouse	1,131,640,000	25.96%
Achieve Ample Investments Limited ⁽³⁾	Beneficial owner	556,080,000	12.57%
Mr. Wang Weimian ⁽⁴⁾	Interest of spouse	564,388,000	12.75%
Shandong Humon Mining Development Limited ⁽⁵⁾	Beneficial owner	669,584,000	15.13%
Shandong Humon Smelting Co., Ltd ⁽⁵⁾	Interest in controlled corporation	669,584,000	15.13%
Jiangxi Copper Company Limited ⁽⁵⁾	Interest in controlled corporation	669,584,000	15.13%
Jiangxi Copper Corporation Limited ⁽⁵⁾	Interest in controlled corporation	669,584,000	15.13%
Gold Mountains (H.K.) International Mining Company Limited ⁽⁶⁾	Beneficial owner	607,000,000	13.72%
Zijin Mining Group Co., Ltd ⁽⁶⁾	Interest in controlled corporation	607,000,000	13.72%

Notes:

- Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.
- Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 1,131,640,000 Shares held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.
- Achieve Ample Investments Limited is wholly owned and controlled by Ms. Gao Jinzhu.
- Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 556,080,000 Shares held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu. In addition, Ms. Gao Jinzhu owns 8,308,000 Shares as the beneficial owner.

Directors' Report

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

(Continued)

Long positions in Shares (Continued)

Notes:(Continued)

5. Shandong Humon Mining Development Limited is a wholly-owned subsidiary of Hong Kong Humon International Logistics Limited (香港恒邦國際物流有限公司), which in turn is wholly-owned by Shandong Humon Smelting Co., Ltd., a company listed on Shenzhen Stock Exchange with stock code: 002237.

Shandong Humon Smelting Co., Ltd is owned as to 44.48% by Jiangxi Copper Company Limited, a company listed on both Shanghai Stock Exchange and the Stock Exchange with stock code: 600362 and 358 respectively, which in turn is owned as to 43.72% by Jiangxi Copper Corporation Limited.

6. Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and the Stock Exchange (stock code: 2899) ("Zijin Mining"). Gold Mountains (H.K.) International Mining Company Limited are controlled by Zijin Mining.

Other than as disclosed above, as at 31 December 2025, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

25. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor any connected entity of the Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which a controlling Shareholder of the Company, the Company or any of its subsidiaries or fellow subsidiaries was a party at any time during the year ended 31 December 2025.

26. CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling Shareholder or any of its subsidiaries of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2025.

27. CONNECTED TRANSACTION

Except for the entering into processing technical service contract and expansion feasibility study contract with Zijin Mining as summarized in pages 10 to 12 above, no connected transaction not falling under Rule 14A.76(1) of the Listing Rules was undertaken by the Group during the year ended 31 December 2025.

28. DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

Save as disclosed in paragraph 23 above, at no time during the year ended 31 December 2025 was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

29. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge information and belief of the Directors, the Directors confirm that the Company has maintained a sufficient public float under the Listing Rules throughout the year ended 31 December 2025 and as of 18 March 2026.

Directors' Report

30. COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling Shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group, either directly or indirectly, and any other conflict of interest which any such person has or may have with the Group for the year ended 31 December 2025.

As disclosed in the Prospectus, each of our controlling Shareholders (Mr. Gao Mingqing and Victor Soar Investments Limited) has entered into the deed of non-competition in favour of our Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses. Victor Soar Investments Limited owns less than 30% of shareholding in the Company.

The independent non-executive Directors have reviewed the status of compliance and are of the view that each of the controlling Shareholders of the Company has complied with its undertaking under the deed of non-competition for the year ended 31 December 2025.

31. RELATED PARTY TRANSACTIONS

During the year, except for those disclosed in note 37 to the consolidated financial statements, the Group had no transactions with its related parties. None of the related party transactions as disclosed in note 37 to the consolidated financial statements constituted connected transactions or continuing connected transactions under the Listing Rules.

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

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

33. BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2025 are set out in note 29 to the consolidated financial statements.

34. RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 36 to the consolidated financial statements.

35. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

36. CORPORATE GOVERNANCE

A report on the corporate governance practice adopted by the Group is set out on pages 44 to 55 of this annual report.

37. SHARE AWARD SCHEME

The Company adopted the 2024 Share Award Scheme on 15 January 2025 (the "Adoption Date").

i. Purpose of the 2024 Share Award Scheme

The purposes of the 2024 Share Award Scheme are to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting awards to them as incentives or rewards; and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group. The 2024 Share Award Scheme shall strengthen the many long-term relationships that the eligible participants may have with the Group.

Directors' Report

37. SHARE AWARD SCHEME (Continued)

ii. Participants of the 2024 Share Award Scheme and basis of determining the eligibility of the participants

Eligible participants are (i) the employee participants (including the independent non-executive Directors); and (ii) the service providers (together, the “**Eligible Participants**”). In determining the basis of eligibility of each Eligible Participant, the Board will take into account (a) the experience and qualification of the Eligible Participant in relation to the Group’s business; (b) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee participant); (c) technical expertise (if the Eligible Participant is a service provider); (d) the level of responsibilities assumed; and (e) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

iii. Maximum number of Shares

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Award Scheme and other share schemes of the Company must not in aggregate exceed 433,314,880 (after Share Subdivision), representing 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue (excluding treasury shares, if any) as at 15 January 2025 (i.e. the Adoption Date) or the relevant date of approval of the refreshment of the scheme mandate limit, and being approximately 9.79% of the issued capital of the Company (excluding treasury shares) as at the date of annual report.

The scheme mandate limit and the service provider sublimit so refreshed shall not exceed 10% (or such other percentage as may be specified by the Stock Exchange from time to time) which is 433,314,880 (after Share Subdivision) Shares and 3% which is 130,059,264 (after Share Subdivision) Shares, respectively, of the total number of issued Shares (excluding treasury shares, if any) as at the date of such Shareholders’ approval of the refreshment of the scheme mandate limit.

iv. Maximum entitlement of each participant

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant award/options to any participant if the acceptance of those options/award would result in the total number of Shares issued and to be issued to that participant on exercise of his options during any 12-month period exceeding 1% of the total Shares then issue.

v. Amount payable on acceptable of Share award

A grantee may be required to make a payment (if any, such payment shall be made within 10 business days after the date of grant) in favour of the Company as consideration for the grant of the share award.

vi. Purchase price of Share award

The purchase price of the award Shares (if any) shall be such price as determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the award and the characteristics and profile of the selected participants.

vii. Vesting of awards

Subject to the Listing Rules, the Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the 2024 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested hereunder. The vesting date in respect of any award shall be not less than 12 months from the grant date, provided that for employee participants, the vesting date may be less than 12 months from the grant date (including on the grant date) in the following circumstances where:

- (a) grants of “make whole” awards to new joiners to replace share awards or options they forfeited when leaving their previous employers;

Directors' Report

37. SHARE AWARD SCHEME *(Continued)*

vii. Vesting of awards *(Continued)*

- (b) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the award would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months;
- (e) grants with a total vesting and holding period of more than twelve (12) months; or
- (f) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

viii. Duration

Subject to any early termination as may be determined by the Board or by resolutions of Shareholders in general meeting, the 2024 Share Award Scheme shall be valid and effective for (i) a term of ten (10) years commencing on the date on which the 2024 Share Award Scheme is adopted by the Company (after which no further awards will be granted); and (ii) thereafter for so long as there are any non-vested award Shares prior to the expiration of the 2024 Share Award Scheme.

38. SHARE OPTION SCHEME

The Company adopted the 2024 Share Option Scheme on 15 January 2025.

i. Purpose of 2024 Share Option Scheme

The purposes of the 2024 Share Option Scheme are to recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group, and to enable the Group to grant options to the Eligible Participants as incentives or rewards for their contributions to the Group with the view to achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

ii. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

The Eligible Participants of the 2024 Share Option Scheme to whom options may be granted by the Board shall include (i) the employee participants (including the independent non-executive Directors); and (ii) the service providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (a) the experience and qualification of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee participant); (c) technical expertise (if the Eligible Participant is a service provider); (d) the level of responsibilities assumed; and (e) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

Directors' Report

38. SHARE OPTION SCHEME *(Continued)*

iii. Maximum number of Shares

The total number of Shares which may be issued in respect of all options to be granted under the 2024 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company must not, in aggregate, exceed 10% which is 433,314,880 (after Share Subdivision) Shares as at the Adoption Date (i.e. 15 January 2025), being approximately 9.79% of the issued capital of the Company (excluding treasury shares) as at the date of annual report. The limit may be refreshed after 3 years after the last refreshment or the Adoption Date, provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of Shareholders' approval in general meeting.

iv. Maximum entitlement of each participant

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that participant on exercise of his options during 12-month period exceeding 1% of the total Shares then in issue.

v. Maximum period for which an option must be held before it can be exercised

Save in the circumstances prescribed in the paragraph below, an option must be held by the grantee for twenty-four (24) months before the option can be exercised.

Where the grantee is an employee participant who is a Director or senior management of the Company or where the grantee is an employee participant who is not a Director or senior management of the Company the Board shall have the authority to determine a shorter vesting period under any of the following circumstances:

- (a) grants of "make-whole" options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
- (b) grants to a grantee whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons. They may include options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the option would have been granted.

vi. Amount payable on acceptance of share option

A remittance/payment in favour of the Company of HK\$1.00 shall be payable by way of consideration for acceptance of the grant of share option(s) within 14 days from the date of grant.

vii. Subscription price

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the 2024 Share Option Scheme, be a price notified by the Board to each grantee and shall be at least the highest of:

- (a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and
- (c) the nominal value of a Share.

viii. Life of the 2024 Share Option Scheme

The 2024 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date (i.e. 15 January 2025), after which period no further options will be offered or granted but the provisions of the 2024 Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the 2024 Share Option Scheme.

Directors' Report

39. ENVIRONMENTAL AND SOCIAL MATTERS

As the mining industry has relatively high requirements on safety, our objective is to create a workplace without fatalities, injuries or occupational diseases. Our policies and procedures support our practice and we meet or exceed applicable laws and regulations in the PRC such as Environmental Protection Laws of PRC (中華人民共和國環境保護法) and Provisions on the Protection of the Geologic Environment of Mines (礦山地質環境保護規定), Production Safety Law of the PRC (中華人民共和國安全生產法), Law of the PRC on Safety in Mines (中華人民共和國礦山安全法), Mines and Minerals Act, and Laws of Solomon Islands 1996 Edition Chapter 74 Safety at work etc. We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. During the year ended 31 December 2025, there were no work-related fatalities. Lost days due to work injury were 246 days.

We also implemented policies or procedures for our key stakeholders, such as employees, customers and suppliers. Details are as following: regular and irregular trainings are provided to every staff in different levels for their personal development as well as health and safety awareness. We implemented policy to manage, assess and maintain the relationship with our key auxiliary materials suppliers to avoid any interruption during our production process. We have a quality control policy in place to ensure that the quality of our concentrates meets the standard for acceptance by our customers. We did not receive any material complaints due to quality problems of our products during the year ended 31 December 2025.

40. TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's Shares.

41. AUDITOR

Following the resignation of KTC Partners CPA Limited ("KTC") as the auditor of the Company on 19 June 2024, Deloitte Touche Tohmatsu Hong Kong ("Deloitte") was appointed as the auditor of the Company on the same day to fill the vacancy.

Save as disclosed above, there were no other changes in the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by Deloitte. Deloitte will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM. A resolution to re-appoint Deloitte as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Gao Mingqing

Chairman

Hong Kong, 18 March 2026

Independent Auditor's Report



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香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF WANGUO GOLD GROUP LIMITED (FORMERLY KNOWN AS WANGUO INTERNATIONAL MINING GROUP LIMITED)

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wanguo Gold Group Limited and its subsidiaries (collectively referred to as the “Group”) set out on pages 73 to 147, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), as applicable to audits of the financial statements of public interest entities, and we also 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 opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of the significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

Independent Auditor's Report

KEY AUDIT MATTER *(Continued)*

Key audit matter

Impairment assessments of exploration and evaluation assets and other intangible assets of Xizang Changdu

We identified the impairment assessment of exploration and evaluation assets and other intangible assets in relation to the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the People's Republic of China, owned by the subsidiary of the Company, Xizang Changdu County Dadi Mining Company Limited ("**Xizang Changdu**") (collectively referred to as "**Xizang Changdu Related Assets**") as a key audit matter as the significance of these balances to the consolidated financial statements as a whole, combined with the significant degree of judgment required by management of the Group in determining the recoverable amounts of these assets.

As disclosed in notes 18 and 19 to the consolidated financial statements, the carrying amounts of exploration and evaluation assets and other intangible assets in relation to the lead mine of Xizang Changdu as at 31 December 2025 amounted to RMB198,637,000 and RMB312,165,000 respectively. As the Xizang Changdu Related Assets are not yet available for use, they are subject to at least annual impairment assessment.

The Group engaged an independent valuer to determine the recoverable amount of the Xizang Changdu Related Assets.

For the purposes of determining the recoverable amount, the Xizang Changdu Related Assets are treated as a single cash-generating unit ("CGU") and its recoverable amount has been determined based on the fair value less costs of disposal, using income approach, in particular, multi-period excess earnings method was adopted. As disclosed in notes 4 and 19 to the consolidated financial statements, key assumptions used in the calculation include forecasted selling prices of metallic concentrates and the discount rate.

Based on the Group's assessment, no impairment loss has been recognised in profit or loss during the year ended 31 December 2025, details of which are set out in note 19.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessments of Xizang Changdu Related Assets included:

- Obtaining an understanding of the Group's process for impairment assessment including the process for developing the recoverable amount, including key assumptions and inputs underlying the valuation model;
- Evaluating the competence, capabilities and objectivity of the independent valuer;
- Identifying exceptions, if any, for further examination by comparing the forecasted selling prices to metal prices by referencing to the latest market selling price and other relevant market data;
- Involving our internal valuation expert to perform the following procedures:
 - evaluating the method used to calculate the recoverable amount; and
 - assessing the discount rate by benchmarking it against the discount rate of comparable entities.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

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

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

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

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

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

The engagement partner on this audit resulting in this independent auditor's report is Zhu Chen (practising certificate number: P06889).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	3,161,200	1,875,561
Cost of sales		(813,067)	(878,568)
Gross profit		2,348,133	996,993
Other income	6	29,377	6,665
Other gains and losses	7	69,934	2,828
Distribution and selling expenses		(152,299)	(54,706)
Administrative expenses		(190,935)	(133,772)
Finance costs	8	(7,809)	(12,255)
Profit before tax		2,096,401	805,753
Income tax expense	9	(599,799)	(114,573)
Profit for the year	10	1,496,602	691,180
Other comprehensive expense for the year			
– Exchange differences on translation from functional currency to presentation currency		(9,035)	(4,146)
Total comprehensive income for the year		1,487,567	687,034
Profit for the year attributable to:			
Owners of the Company		1,354,964	575,375
Non-controlling interests		141,638	115,805
		1,496,602	691,180
Total comprehensive income attributable to:			
Owners of the Company		1,344,460	570,534
Non-controlling interests		143,107	116,500
		1,487,567	687,034
Earnings per share			
Basic (RMB cents)	13	31.04	16.41
Dilutive (RMB cents)	13	30.89	N/A

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	15	1,416,263	918,680
Right-of-use assets	16	53,231	54,621
Mining rights	17	232,628	212,974
Exploration and evaluation assets	18	311,814	237,657
Other intangible asset	19	312,165	312,165
Intangible assets		3,085	3,298
Deposit for purchase of property, plant and equipment	24	132,046	4,973
Deferred tax assets	20	7,263	5,747
Restricted bank balances	21	7,540	6,274
Other receivable	24	24,630	20,830
		2,500,665	1,777,219
Current assets			
Inventories	23	333,188	174,743
Trade and other receivables	24	619,761	331,095
Financial assets at fair value through profit or loss (“FVTPL”)	22	1,537,494	1,335,157
Amount due from a related company	25	3	3
Amount due from a non-controlling interest	25	45,547	–
Bank balances and cash			
– restricted bank balances	21	3,308	3,258
– cash and cash equivalents	21	1,025,348	513,728
– term deposits	21	175,720	–
		3,740,369	2,357,984
Current liabilities			
Trade and other payables	26	267,134	156,082
Contract liabilities		11,256	3,853
Lease liabilities		1,094	761
Amounts due to related parties	27	615	655
Consideration payable to a former non-controlling shareholder of a subsidiary	28	47,936	57,936
Tax payable		312,676	91,164
Bank borrowings	29	72,551	183,062
		713,262	493,513
Net current assets		3,027,107	1,864,471
Total assets less current liabilities		5,527,772	3,641,690

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank borrowings	29	56,000	77,600
Lease liabilities		2,024	2,283
Deferred income	30	3,152	4,010
Deferred tax liabilities	20	268,881	89,391
Provisions for restoration costs	31	20,085	15,085
		350,142	188,369
Capital and reserves			
Share capital	32	93,273	91,223
Reserves		4,622,507	3,043,355
Equity attributable to owners of the Company		4,715,780	3,134,578
Non-controlling interests		461,850	318,743
Total equity		5,177,630	3,453,321
		5,527,772	3,641,690

The consolidated financial statements on pages 73 to 147 were approved and authorised for issue by the board of directors on 18 March 2026 and are signed on its behalf by:

Gao Mingqing
DIRECTOR

Gao Jinzhu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								Non-controlling interests RMB'000	Total RMB'000	
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Capital reserve RMB'000 (note a)	Statutory and surplus reserves RMB'000 (note b)	Translation reserves RMB'000	Share-based payments reserve RMB'000 (note 20)	Retained profits RMB'000			Sub-total RMB'000
At 1 January 2024	67,881	189,914	–	71,005	152,844	(14,389)	–	938,360	1,405,615	354,851	1,760,466
Profit for the year	–	–	–	–	–	–	–	575,375	575,375	115,805	691,180
Other comprehensive (expense) income for the year	–	–	–	–	–	(4,841)	–	–	(4,841)	695	(4,146)
Total comprehensive income for the year	–	–	–	–	–	(4,841)	–	575,375	570,534	116,500	687,034
Dividend recognised as distribution (note 14)	–	(243,847)	–	–	–	–	–	–	(243,847)	(12,397)	(256,244)
Acquisition of non-controlling interests (note c)	8,190	728,060	(596,039)	–	–	–	–	–	140,211	(140,211)	–
Issue of shares (note d)	15,152	1,247,043	–	–	–	–	–	–	1,262,195	–	1,262,195
Transaction costs attributable to issue of shares	–	(130)	–	–	–	–	–	–	(130)	–	(130)
At 31 December 2024	91,223	1,921,040	(596,039)	71,005	152,844	(19,230)	–	1,513,735	3,134,578	318,743	3,453,321
Profit for the year	–	–	–	–	–	–	–	1,354,964	1,354,964	141,638	1,496,602
Other comprehensive (expense) income for the year	–	–	–	–	–	(10,504)	–	–	(10,504)	1,469	(9,035)
Total comprehensive (expense) income for the year	–	–	–	–	–	(10,504)	–	1,354,964	1,344,460	143,107	1,487,567
Dividend recognised as distribution (note 14)	–	(440,992)	–	–	–	–	–	–	(440,992)	–	(440,992)
Issue of shares (note e)	2,050	665,042	–	–	–	–	–	–	667,092	–	667,092
Recognition of equity-settled share-based payments	–	–	–	–	–	–	20,091	–	20,091	–	20,091
Transaction costs attributable to issue of shares	–	(9,449)	–	–	–	–	–	–	(9,449)	–	(9,449)
At 31 December 2025	93,273	2,135,641	(596,039)	71,005	152,844	(29,734)	20,091	2,868,699	4,715,780	461,850	5,177,630

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Notes:

- (a) The capital reserve mainly represents contributions from an equity participant in 2011, which is an amount originally due to an equity participation being released and accounted for as a shareholder's contribution, in accordance with a deed of assignment signed in December 2011.
- (b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital.

The surplus reserve represents further appropriation out of the retained profits of the subsidiaries established in the PRC for any amount approved by its board of directors after the appropriation to the statutory reserve.

- (c) On 9 August 2024, the Company entered into a sale and purchase agreement with Golden Crane Holdings Limited ("**Golden Crane**") and Prominence Investment Holding Limited ("**Prominence Investment**") (collectively referred as "**Vendors**"), pursuant to which, the Company has conditionally agreed to acquire and Golden Crane and Prominence Investment have conditionally agreed to sell 2,022 shares, in aggregate, of the Company's subsidiary, AXF Gold Ridge Pty Ltd ("**AXF Gold Ridge**"), representing 20.22% share capital of AXF Gold Ridge, at a consideration of approximately HK\$732.6 million (approximately RMB656.8 million), which will be settled by the allotment and issue of 90,227,200 new shares of the Company to the Vendors at the price of HK\$8.12 per new share.

The completion of the aforesaid acquisition took place on 9 October 2024. Upon completion, the Group holds 98% share capital of AXF Gold Ridge and results in its attributable interest of one of its subsidiaries, Gold Ridge Mining Limited ("**GRML**"), to approximately 88.2%. An amount of RMB140,211,000 (being the proportional share of the carrying amounts of the net assets of AXF Gold Ridge) has been derecognised from the non-controlling interest. The difference of RMB596,039,000 between the decrease in the non-controlling interests and the fair value of the shares of the Company issued at the completion date amounting to HK\$811,143,000 (approximately RMB736,250,000) has been debited to the other reserve. The acquisition led to increases in share capital by HK\$9,023,000 (RMB8,190,000) and share premium of HK\$802,120,000 (approximately RMB728,060,000).

- (d) On 22 September 2024, the Company entered into a subscription agreement with Gold Mountains (H.K.) International Mining Company Limited (the "**Subscriber**"), a company incorporated in Hong Kong, being a wholly-owned subsidiary of another HK listed Company, pursuant to which, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 165,600,000 shares at the price of HK\$8.33 per new share.

On 1 November 2024, 165,600,000 shares, representing approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the shares, have been allotted and issued to the Subscriber at the cash consideration of HK\$1,379,448,000 (approximately RMB1,262,195,000).

- (e) On 21 August 2025, the Company entered into a placing and subscription agreement with Victor Soar Investments Limited (the "**Top-up Seller**"). The Top-up Seller is an investment holding company incorporated in the British Virgin Islands, wholly owned and controlled by Mr. Gao Mingqing, the Chairman and Executive Director of the Company. Pursuant to the agreement, the Top-up Seller agreed to subscribe for, and the Company agreed to allot and issue up to 22,500,000 new shares at a subscription price of HK\$32.55 per new share, representing approximately 2.08% of the Company's issued share capital as at 3 September 2025, the completion date of the subscription.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	2,096,401	805,753
Adjustments for:		
Depreciation of property, plant and equipment	86,605	72,715
Depreciation of right-of-use assets	2,315	2,321
Amortisation of mining rights	18,768	22,262
Amortisation of intangible assets	212	212
Provisions for restoration cost	4,796	6,025
Finance costs	7,809	12,255
Interest income	(7,684)	(5,086)
Realised gain from changes in financial assets at FVTPL	(68,565)	–
Unrealised gain from changes in financial assets at FVTPL	(4,812)	(4,184)
Share-based payments expenses	19,989	–
Loss on disposal of property, plant and equipment	938	1,961
Release of deferred income	(858)	(1,160)
Gain on termination of lease agreement	–	(13)
Exchange loss (gain)	18,002	(605)
Operating cash flows before movements in working capital	2,173,916	912,456
(Increase) decrease in inventories	(158,445)	25,299
(Increase) in trade and other receivables	(197,079)	(10,430)
(Decrease) increase in trade and other payables	(1,354)	6,913
Increase(decrease) in contract liabilities	7,403	(36,379)
Cash generated from operations	1,824,441	897,859
Income taxes paid	(200,313)	(54,575)
NET CASH FROM OPERATING ACTIVITIES	1,624,128	843,284
INVESTING ACTIVITIES		
Payments of capital expenditure for property, plant and equipment	(700,506)	(183,809)
Payments for evaluation and exploration assets	(73,990)	(15,249)
Proceeds from disposal of property, plant and equipment	21	–
Investment in mining right	(29,897)	–
Origination of loan receivable	–	(29,842)
Payment for financial assets at FVTPL	(3,113,636)	(1,484,613)
Proceeds from disposal of financial assets at FVTPL	2,898,903	153,640
Interest received	58,156	5,086
Placement of restricted bank balances	(1,317)	(939)
Loan to a non-controlling shareholder	(35,109)	–
Placement of term deposits and interest income	(175,720)	–
NET CASH USED IN INVESTING ACTIVITIES	(1,172,990)	(1,555,726)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Proceeds from borrowings	90,000	310,000
Repayment of borrowings	(222,074)	(251,318)
Dividend paid	(432,811)	(251,984)
Interest paid	(7,507)	(11,897)
Repayment of consideration payable to a former non-controlling shareholder of a subsidiary	(10,000)	–
Repayment of lease liabilities	(1,161)	(1,213)
Repayment to related parties	(472)	(13,329)
Advance from related parties	430	8,565
Proceeds from issue of new shares	667,092	1,262,195
Transaction cost of issue of new shares	(9,449)	(130)
NET CASH FROM FINANCING ACTIVITIES	74,048	1,050,889
NET INCREASE IN CASH AND CASH EQUIVALENTS	525,081	338,447
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	513,728	171,612
Effect of foreign exchange rate changes	(13,461)	3,669
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	1,025,348	513,728

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Wanguo Gold Group Limited is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are (i) Jiangxi Province Yifeng Wanguo Mining Company Ltd (“**Yifeng Wanguo**”), located in Jiangxi Province, the PRC, which is engaged in mining and processing of ores and sales of processed concentrates in the PRC, and (ii) GRML, located in the Solomon Islands, which is engaged in exploration, mining and processing of mineral resources, and sales of processed gold concentrates and gold doré in the Solomon Islands. Details of the Company’s principal subsidiaries are set out in note 42.

As at 31 December 2025, Victor Soar Investments Limited, a company incorporated in the British Virgin Islands, wholly owned and controlled by Mr. Gao Mingqing who is the chairman and executive director of the Company, held approximately 25.57% of the issued shares of the Company, being the single largest shareholder of the Company.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of Hong Kong dollars (“**HKS**”). The consolidated financial statements are presented in RMB, as the operation of one of the Group’s principal subsidiaries is principally conducted in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

In the current year, the Group has applied the following amendments to HKFRSs Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

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

New and amendments to HKFRSs Accounting Standard in issue but not yet effective

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

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

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

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

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

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs Accounting Standard in issue but not yet effective (Continued)

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18, 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. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs Accounting Standard issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (“**Listing Rules**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”).

3.2 Material accounting policy information

Basis of consolidation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

Revenue from contracts with customers

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

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Lease" at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in HK\$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Borrowing costs

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

Government grants

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Employee benefits

Short-term employee benefits

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

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

Share-based payments

Equity-settled share-based payment transactions

Shares options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses. When shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Taxation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

Deferred tax 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.

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

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

Construction in progress represents buildings and mining structures in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects, if the amount of capital expenditures and the time involved to complete the construction are significant. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Mining rights

Mining rights with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total production volume after taking into consideration the total probable and proven reserves of the ore mines within the terms of the respective licences.

Exploration and evaluation assets

All costs directly associated with exploration and evaluation are initially capitalised. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss. Exploration and evaluation assets are those expenditures for an area where technical feasibility and commercial viability has not been determined. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine.

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

Exploration and evaluation assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss, reclassified to intangible assets or property, plant and equipment and assessed for impairment on the same basis as the costs directly associated with exploration and evaluation incurred by the Group.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 “Impairment of Assets” whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Other intangible asset

Other intangible asset acquired in a business combination is recognised initially at its fair value at the acquisition date (which is regarded as the cost). Other intangible asset not yet available for use is carried at cost less any subsequent accumulated impairment losses.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its FVLCD (if measurable), its VIU (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

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

Provisions

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

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

Provisions for the Group's restoration costs are based on estimates of required expenditure at the mines in accordance with the rules and regulations in the PRC and in the Solomon Islands. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contract with Customer".

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amount due from a related company/a non-controlling shareholder, bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively with similar credit risk characteristics based primarily on the debtors' aging profiles.

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

(i) Significant increase in credit risk

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

The Group's financial liabilities, including trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Impairment assessment of exploration and evaluation assets and other intangible asset of Xizang Changdu County Dadi Mining Company Limited ("Xizang Changdu")

The carrying values of the exploration and evaluation assets and other intangible asset in relation to the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by the subsidiary of the Company, Xizang Changdu (collectively referred to as "**Xizang Changdu Related Assets**"), amounted to approximately RMB198,637,000 (2024: RMB196,583,000) and RMB312,165,000 (2024: RMB312,165,000) respectively as at 31 December 2025. Management's assessment of the recoverable amount of Xizang Changdu Related Assets as a CGU is described in note 19.

For the purposes of determining the recoverable amount, the Xizang Changdu Related Assets are treated as a single CGU and its recoverable amount has been determined based on FVLCD calculation, using income approach, in particular, multi-period excess earnings method was adopted. The FVLCD has been determined taking into account the appropriate discount rate. Key assumptions applied in the FVLCD calculation include forecasted selling prices of metallic concentrates and the discount rate. Changing the assumptions and estimates, including forecasted selling prices of metallic concentrates or the discount rate in the cash flow projections, could materially affect recoverable amount of CGU.

No impairment loss in respect of exploration and evaluation assets and other intangible assets of Xizang Changdu has been recognised in profit or loss during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated useful lives of property, plant and equipment

Other than construction in progress, the Group depreciates its property, plant and equipment using straight-line method over their estimated useful lives of 3 to 30 years (note 15). The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these property, plant and equipment.

It is possible that the estimates made based on existing experience are different to the actual outcomes within next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment. As at 31 December 2025, other than construction in progress, the carrying amount of property, plant and equipment was approximately RMB986,272,000 (2024: RMB701,012,000).

Provision of ECL for trade receivables

The Group uses probability of default model to calculate ECL for the trade receivables. The provision rates are based on aging of trade receivables as groupings of various debtors that have similar loss patterns taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the provision rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The assessment of the provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 24(a) and 39(b).

Provisions for restoration costs

The provisions for restoration costs have been determined by the management of the Group based on their best estimates. The directors estimated the liabilities for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows required to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at discount rates that reflect current market assessments of the time value of money and the risks specific to the liabilities, such that the provisions reflect the present value of the expenditures expected to be required to settle the obligation. However, the estimate of the associated expenditures may be subject to change due to new government environmental policy in the future. The provisions are reviewed regularly to ensure that they properly reflect the present value of the obligation arising from the mining activities. As at 31 December 2025, the carrying amount of provisions for restoration costs was approximately RMB20,085,000 (2024: RMB15,085,000).

5. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

In 2025, the Group has identified two reportable and operating segments: (i) processing and sale of metal concentrates in Yifeng Wanguo (the "Yifeng Project" Segment) and (ii) processing and sale of processed gold concentrates and gold doré in the Solomon Islands (the "Solomon Project" Segment). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group mainly operates in, and all revenue is generated from, the PRC and the Solomon Islands. The Group's principal non-current assets are located in the PRC and the Solomon Islands.

(i) Revenue from contract with customers within the scope of HKFRS 15

Revenue represents revenue arising from sales of processed concentrates of various metals, sales of gold doré and trading of metal concentrates. All revenue of the Group is recognised on a point in time basis, when the customers obtain control of the goods. An analysis of the Group's revenue from its major products for the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Disaggregation of revenue from contracts with customers		
<i>By types of major products</i>		
– Gold doré	1,556,229	667,707
– Gold concentrates	884,733	520,221
– Copper concentrates	287,067	284,386
– Zinc concentrates	62,880	110,855
– Sulfur concentrates	147,962	68,190
– Iron concentrates	33,427	48,823
– Gold in lead concentrates	59,049	52,978
– Gold in copper concentrates	35,702	32,961
– Silver in copper concentrates	30,799	23,478
– Silver in lead concentrates	23,810	24,209
– Sulfur and iron concentrates	25,501	24,042
– Lead in lead concentrates	11,767	11,089
– Copper in lead concentrates	1,382	5,183
– Gold in zinc concentrates	892	1,426
– Silver in zinc concentrates	–	13
	3,161,200	1,875,561
<i>By revenue source</i>		
– Own-mined products	3,161,200	1,827,430
– Sourced outside		
– Copper concentrates	–	37,587
– Gold in copper concentrates	–	8,021
– Silver in copper concentrates	–	2,523
	–	48,131
	3,161,200	1,875,561

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Revenue from contract with customers within the scope of HKFRS 15 *(Continued)*

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of processed concentrates of various metals and own-mined gold doré

The Group's sales of processed concentrates of various metals and gold doré sourced from the Group's own mines is recognised as revenue when control of the goods has been transferred. For sales of processed concentrates of various metals, revenue is recognised when the goods have been shipped to the customers' specific locations (delivery) or when they are collected by customers at the Group's ore processing plant at their choices. For sales of gold doré, revenue is recognised when the Group and its customer agree on the quantity based on the assay result and confirm the sale price with reference to spot gold price for the purchased goods, being when the control of the goods is passed to its customer. The payment terms and credit terms (if any) are set out in note 24. A contract liability is recognised for sales receipts in advance which revenue has yet been recognised. In each transaction, a sample of the ore concentrates is inspected by the Group prior to delivery or collection to determine the mineral content to be adopted as the basis of calculation of transaction price. The directors of the Company consider that in general the mineral content and grades of the Group's concentrates products meet the customers' requirements after the goods have passed the inspections.

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Historical experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return has been recognised. The validity of this assumption and estimate is reassessed at each reporting date.

Revenue from trading of metal concentrates sourced outside

Revenue from trading of metal concentrates sourced outside is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and the price to sell the goods, therefore, has the primary responsibility for the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for own-mined gold doré, processed concentrates and trading of metal concentrates sourced outside, if any, with an original expected duration of one year or less. Accordingly, the information about revenue to which the Group will be entitled upon satisfying the remaining performance obligations at the reporting date under those contracts is not disclosed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Yifeng Project RMB'000	Solomon Project RMB'000	Total RMB'000
For the year ended 31 December 2025			
Segment revenue	720,238	2,440,962	3,161,200
Segment profit	336,525	1,727,767	2,064,292
Unallocated administrative expense			(40,317)
Unallocated other income, other gains and losses			72,792
Unallocated finance cost			(366)
Profit before tax			2,096,401
For the year ended 31 December 2024			
Segment revenue	687,633	1,187,928	1,875,561
Segment profit	257,518	556,073	813,591
Unallocated administrative expense			(17,323)
Unallocated other income, other gains and losses			9,899
Unallocated finance cost			(414)
Profit before tax			805,753

Note: There was no inter-segment revenue for the years ended 31 December 2025 and 2024.

Segment profit represents the profit earned by each segment without allocation of certain administrative expenses, unallocated other income, other gains and losses, certain finance costs. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Segment information (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

	2025 RMB'000	2024 RMB'000
Yifeng Project	545,151	561,781
Solomon Project	2,403,011	1,192,108
Total segment assets	2,948,162	1,753,889
Assets not allocated to segments:		
Property, plant and equipment	9,595	10,217
Right-of-use assets	2,767	2,772
Other intangible assets	312,165	312,165
Exploration and evaluation assets	198,637	196,583
Other receivables, deposit and prepayments	20,298	1,160
Financial assets at FVTPL	1,502,350	1,335,157
Restricted bank balances	186,568	9,532
Cash and cash equivalents	1,060,492	513,728
Consolidated total assets	6,241,034	4,135,203

Segment liabilities

	2025 RMB'000	2024 RMB'000
Yifeng Project	305,390	412,247
Solomon Project	626,314	163,724
Total segment liabilities	931,704	575,971
Liabilities not allocated to segments:		
Accrued expenses and other payables	14,460	7,049
Amounts due to related parties	614	655
Lease liabilities	3,118	3,044
Bank borrowings	951	1,512
Deferred tax liabilities	98,891	89,391
Tax payable	4,414	–
Dividend payable	9,252	4,260
Consolidated total liabilities	1,063,404	681,882

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(b) Segment assets and liabilities *(Continued)*

These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

Segment assets represent certain property, plant and equipment, certain right-of-use assets, intangible assets, deposits for purchase of property, plant and equipment, inventories, trade receivables, amount due from a related company, mining rights, certain exploration and evaluation assets, certain other receivables and deferred tax assets which are directly attributable to the relevant operating and reportable segments.

Segment liabilities represent trade and other payables, contract liabilities, deferred income, provisions for restoration costs, tax payable, certain bank borrowings and consideration payable to a former non-controlling shareholder of a subsidiary which are directly attributable to the relevant operating and reportable segments.

(c) Other segment information

	Yifeng Project RMB'000	Solomon Project RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
2025					
Amounts included in the measurement of segment profit and segment assets:					
Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets	39,469	588,517	627,986	3,202	631,188
Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets	45,608	60,472	106,080	1,820	107,900
Finance cost	7,444	–	7,444	367	7,811
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Taxation	62,911	532,409	595,320	4,478	599,799

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Segment information (Continued)

(c) Other segment information (Continued)

	Yifeng Project RMB'000	Solomon Project RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
2024					
Amounts included in the measurement of segment profit and segment assets:					
Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets	10,421	173,520	183,941	8,173	192,114
Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets	47,218	48,659	95,877	1,633	97,510
Finance cost	11,841	–	11,841	414	12,255
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Taxation	43,255	60,568	103,823	10,750	114,573

(d) Geographical information

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

	Revenue from external customers		Non-current assets*	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
The PRC	720,238	687,633	956,246	963,868
The Solomon Islands	2,440,962	1,187,928	1,492,625	767,510
Australia	–	–	5,094	5,986
Hong Kong	–	–	7,267	7,004
	3,161,200	1,875,561	2,461,232	1,744,368

* Non-current assets excluded deferred tax assets, restricted bank balance and other receivable, both shown under non-current assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Customer A ¹	1,556,229	667,707
Customer B ²	884,733	520,221
Customer C ³	N/A ⁵	228,191
Customer D ⁴	336,546	N/A ⁵

¹ Revenue for sales of gold doré

² Revenue for sales of gold concentrates

³ Revenue for sales of copper concentrates, gold and silver in copper concentrates

⁴ Revenue from sales of copper concentrates, gold and silver in copper concentrates and sulfur concentrates

⁵ The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year

6. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income:		
– Bank deposit	7,684	3,040
– Financial assets at FVTPL	–	2,046
Government grants (note)	3,479	1,403
Dividend income from financial assets at FVTPL	462	–
Other storage income	16,105	–
Others	1,647	176
	29,377	6,665

Note: Included in the balance are: (1) government grants related to assets amounting to RMB858,000 (2024: RMB1,160,000) granted by the local authority in the PRC for mining technology improvement, which is released to profit or loss over the expected useful lives of the relevant assets resulting from the mining technology improvement (note 30), and (2) government grants of RMB2,621,000 (2024: RMB243,000) granted by the local authority in the PRC for its contribution to local economies or technological innovation with no specific conditions attached.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OTHER GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Unrealised gain from changes in fair value of financial assets at FVTPL	4,812	4,184
Realised gain from changes in fair value of financial assets at FVTPL	68,565	–
Net foreign exchange (loss) gain	(18,002)	605
Loss on disposal of property, plant and equipment	(938)	(1,961)
Write-off of other receivables	(203)	–
Assets overage	15,700	–
	69,934	2,828

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interests on bank borrowings	7,476	11,897
Interests on lease liabilities	333	358
	7,809	12,255

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax:		
Hong Kong	4,478	–
PRC Enterprise Income Tax (“EIT”)	48,647	35,514
Solomon Islands Enterprise Income Tax (“Solomon Islands EIT”)	363,730	62,335
Withholding Tax (note)	5,000	11,865
(Over) under provision in prior years:		
EIT	(101)	7,737
	421,754	117,451
Deferred tax (note 20)	178,045	(2,878)
	599,799	114,573

Note: Under the relevant PRC income tax laws, withholding tax is payable in respect of dividends declared and recognised as profit distributions in the current year by PRC tax resident enterprises.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (Continued)

Under Hong Kong's two-tiered profits tax regime, qualifying entities are taxed at 8.25% on the first HK\$2 million of assessable profits and 16.5% on the balance. Non-qualifying entities are taxed at a flat rate of 16.5%. The Hong Kong Profits Tax charge is computed accordingly on estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the subsidiaries established in the PRC was 25% for both years, except for one subsidiary, Yifeng Wanguo.

Yifeng Wanguo was entitled to a preferential EIT rate of 15% from 2021 to 2026, as it satisfied the conditions of high and new technology enterprises with the Certificate of High and New Technology Enterprises.

Starting from 2023, pursuant to the relevant rules and regulations, certain qualified research expenses incurred by the Group during the period and endorsed by a local tax authority in the PRC is eligible for a further deduction for PRC EIT up to 100% of the relevant costs incurred. In addition, the super deduction rate for the amortisation of intangible assets has been increased from 175% to 200% for all qualified enterprises.

From 1 January 2008, pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profits generated thereafter shall be subject to EIT at 10% and withheld by the PRC entity. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to a preferential tax rate of 5% when receiving dividend from its investee in the PRC if such investor is the beneficial owner of the PRC entity of over 25% interest. Taylor Investment International Limited ("HK Taylor"), which was incorporated in Hong Kong and owns the entire equity interest of the Group's subsidiaries established in the PRC, enjoys the preferential tax rate aforementioned. Accordingly, deferred taxation has been provided for in the consolidated financial statements in respect of the expected dividend stream from these subsidiaries with the applicable tax rate of 5%.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to certain retained profits of the PRC subsidiaries amounting to RMB589,830,000 (as at 31 December 2024: RMB398,846,000) as at 31 December 2025, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 31 December 2025, the withholding tax of RMB20,850,000 (as at December 2024: RMB11,350,000) has been recognised in respect of undistributed profits of subsidiaries in the PRC amounting to RMB417,000,000 (as at December 2024: RMB227,000,000).

Under the Law of the Solomon Islands Government, the tax rate of the subsidiary established in the Solomon Islands and principally engaged in the Solomon Project was 35% for both years.

The applicable tax rate for the Group's subsidiaries operating in Australia is 25% for both years. No provision for Australian profit tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profit for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (Continued)

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

	2025 RMB'000	2024 RMB'000
Profit before tax	2,096,401	805,753
Tax at the EIT rate of 25% (2024: 25%)	524,100	201,438
Tax effect of expenses not deductible for tax purpose	791	1,032
Tax effect of income not taxable for tax purpose	(1,151)	(899)
(Over) under provision in respect of prior years	(101)	7,737
Income tax at concessionary rate	(34,189)	(25,983)
Tax effect of additional tax benefit on research expenses	(2,882)	(3,595)
Effect of different tax rate of subsidiaries operating in other jurisdictions	96,581	56,206
Utilization of tax losses or deductible temporary difference previously not recognised	(441)	(75,292)
Tax effect of deductible exploration and development expenditures (note)	–	(56,821)
Tax effect of tax losses not recognised	2,591	–
Withholding tax on distributable earnings of a subsidiary established in the PRC	14,500	10,750
Income tax expense for the year	599,799	114,573

Note: The Government of the Solomon Islands and GRML entered into a mining agreement dated 7 March 1997. The two parties entered into the memorandum of understanding relating to Duties & Taxes Exemptions affecting (the “MOU”) on 13 July 2021, with one of the objectives being reaffirming existing concessions/exemptions under the mining agreement. Pursuant to the mining agreement and the MOU, GRML is entitled to deduct in the computation of income chargeable to Solomon Islands EIT of the exploration and development expenditures to the extent reasonably incurred and necessary to carry out the Solomon Project.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

	NOTES	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging:			
Directors' emoluments (note 11)		9,908	5,335
Other staff costs		128,457	88,038
		138,365	93,373
Retirement benefit scheme contributions, excluding those of directors		4,085	3,488
Total staff costs	(i)	142,450	96,861
Depreciation of property, plant and equipment	(ii)	86,605	72,715
Depreciation of right-of-use assets		2,315	2,321
Amortisation of mining rights	(iii)	18,768	22,262
Amortisation of intangible assets		212	212
Total depreciation and amortisation		107,900	97,510
Auditor's remuneration			
– Audit service		2,162	2,033
– Non-audit service		302	261
Sub-contracting fee (included in cost of inventories)		430,358	558,443
Freight charges (included in distribution and selling expenses)		22,200	17,426
Royalty expenses (included in distribution and selling expenses)	(iv)	89,461	17,092
Research expenses (included in administrative expenses)	(i), (ii)	26,894	25,241
Cost of inventories recognised as an expense	(i), (ii), (iii)	813,067	878,568

Notes:

- (i) Total staff costs amounting to approximately RMB70,600,000 (2024: RMB53,100,000) are included in cost of inventories; amounting to approximately RMB59,010,000 (2024: RMB33,210,000) are included in administrative expenses (exclude research expenses); amounting to approximately RMB735,000 (2024: RMB591,000) are included in distribution and selling expenses, and approximately RMB12,105,000 (2024: RMB9,960,000) are included in research expenses in administrative expenses.
- (ii) Depreciation of property, plant and equipment amounting to approximately RMB81,728,000(2024: RMB64,989,000) are included in cost of inventories; amounting to approximately RMB3,893,000 (2024: RMB6,849,000) are included in administrative expenses (exclude research expenses) and amounting to approximately RMB984,000 (2024: RMB877,000) are included in research expenses in administrative expenses.
- (iii) Amortisation of mining rights is included in cost of inventories.
- (iv) Royalty expenses represent the amount payable to the landowners of the Gold Ridge mine and the government of the Solomon Islands in respect of the gold produced by the subsidiary incorporated in the Solomon Islands at a pre-determined percentage pursuant to the mining license.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Name of directors	Fees RMB'000	Other emoluments, mainly salaries, allowance, bonus and benefit-in-kinds RMB'000	Share-based payment expenses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025					
Executive directors:					
Mr. Gao Mingqing	55	1,885	1,940	–	3,880
Ms. Gao Jinzhu	55	1,320	718	–	2,093
Mr. Liu Zhichun	55	521	718	–	1,294
Mr. Wang Guobiao (iii)	55	1,083	–	–	1,138
Non-executive directors:					
Mr. Wang Renxiang (vi)	55	443	449	52	999
Independent and non-executive directors:					
Mr. Tsang Wai Hung	165	–	–	–	165
Mr. Wong Chi Ming Ming	165	–	–	–	165
Mr. Wang Xin	174	–	–	–	174
	779	5,252	3,825	52	9,908
For the year ended 31 December 2024					
Executive directors:					
Mr. Gao Mingqing	–	2,027	–	–	2,027
Ms. Gao Jinzhu	–	110	–	–	110
Mr. Liu Zhichun	–	511	–	–	511
Mr. Wang Renxiang	–	453	–	51	504
Ms. Wang Nan (iv)	–	1,514	–	59	1,573
Mr. Li Feilong (v)	–	270	–	–	270
Independent and non-executive directors:					
Mr. Tsang Wai Hung	110	–	–	–	110
Mr. Wong Chi Ming Ming	110	–	–	–	110
Mr. Wang Xin	120	–	–	–	120
	340	4,885	–	110	5,335

Notes:

- (i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
- (ii) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (iii) Mr. Wang Guobiao was appointed as an executive director on 31 March 2025.
- (iv) Ms. Wang Nan resigned as an executive director on 21 November 2024.
- (v) Mr. Li Feilong was appointed as an executive director on 6 August 2024, and then resigned as an executive director on 21 November 2024.
- (vi) Mr. Wang Renxiang has been appointed as non-executive director on 31 March 2025 and resigned as executive director on the same day.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Mr. Gao Mingqing is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The Group has been providing accommodation, which is leased from a third party, to Mr. Gao Mingqing and his family members free of charge. The estimated monetary value of the benefit-in-kind amounted to Nil (2024: RMB146,000).

Certain executive directors of the Company are entitled to bonus payments which are determined based on various production targets.

12. EMPLOYEES' EMOLUMENTS

(a) Emoluments of key management personnel

Of the ten (2024: twelve) key management personnel of the Group for the year ended 31 December 2025, five (2024: six) of them are the executive directors of the Company and their remuneration has been disclosed in note 11. The total emoluments of the remaining five (2024: six) key management personnel are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, other allowances	4,186	4,191
Other emoluments, mainly allowance, bonus and benefit-in-kinds	285	357
Retirement benefits scheme contributions	117	139
Share-based payment expenses	3,045	–
	7,633	4,687

* For details of discretionary bonuses refer to Note 11.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2024: two) directors, details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, other allowances and benefits-in-kinds*	3,036	2,658
Other emoluments, mainly allowance, bonus and benefit-in-kinds	202	77
Retirement benefit scheme contributions	117	313
Share-based payment expenses	2,024	–
	5,379	3,048

* For details of benefits-in-kinds refer to note 11.

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12. EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid employees (Continued)

The number of the highest paid employees of the Company whose remuneration fell within the following band is as follows:

	2025	2024
	No. of employees	No. of employees
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$3,500,001 to HK\$4,000,000	1	–
	5	5

During both years, no emoluments were paid by the Group to any of the directors of the Company as set out in note 11 or the five highest paid individuals (including directors, key management personnel and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. EARNINGS PER SHARE

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

	2025	2024
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (in RMB'000)	1,354,964	575,375
	2025	2024 (Restated) Note
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	4,364,898	3,505,232
Effect of diluted number of ordinary shares:		
basic earnings per share (in thousand)	21,146	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousand)	4,386,044	3,505,232

Note: The calculation of basic and diluted earnings per share for the year ended 31 December 2024 has been adjusted retrospectively for the share split as disclosed in Note 32.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. EARNINGS PER SHARE *(Continued)*

The computation of diluted earnings per share for year ended 31 December 2025 assumes the exercise of the Company's share options, as their exercise price was lower than the average market price of the shares during the period, resulting in a dilutive effect of 21,146,000 shares. For year ended 31 December 2024, no diluted earnings per share was presented as there were no potential ordinary shares in issue.

14. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

	2025 RMB'000	2024 RMB'000
Ordinary cash dividend:		
2025 Interim – HK20.30 (equivalent to RMB18.48) cents (2024: 2024 interim dividend RMB10.95 cents) per share	204,781	90,667
2024 Final – RMB14.50 cents (2024: 2023 final dividend RMB18.50 cents) per share	155,820	153,180
Special cash dividend:		
2024 Special – RMB7.50 cents (2024: 2023 special dividend nil cents) per share	80,391	–
	440,992	243,847

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HKD11.20 (equivalent to RMB10.10) cents (2024: RMB14.50 cents) per ordinary share and a special dividend of RMB nil cents (2024: RMB7.50 cents) per ordinary share, in an aggregate amount of approximately RMB446,956,000 (2024: RMB236,211,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Final dividend for the year ended 31 December 2024 was paid on 31 July 2025 (2024: Final dividend for the year ended 31 December 2023 was paid on 19 July 2024).

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For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Mining structures RMB'000	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2024	466,845	309,621	260,973	14,984	15,198	105,586	1,173,207
Additions	4,791	4,110	21,744	26,090	394	118,601	175,730
Transfer	4,902	2,343	1,508	–	228	(8,981)	–
Exchange adjustments	336	2,948	2,268	262	113	2,462	8,389
Disposals	(1,372)	–	(9,107)	(536)	(404)	–	(11,419)
At 31 December 2024	475,502	319,022	277,386	40,800	15,529	217,668	1,345,907
Additions	1,769	–	23,695	85,048	870	467,693	579,075
Transfer	55,452	144,017	40,685	13,874	3,533	(257,561)	–
Exchange adjustments	1,018	1,575	1,363	372	2	2,191	6,521
Disposals	(78)	–	(12,971)	(669)	(144)	–	(13,862)
At 31 December 2025	533,663	464,614	330,158	139,425	19,790	429,991	1,917,641
DEPRECIATION							
At 1 January 2024	171,090	74,567	95,551	9,869	11,493	–	362,570
Provided for the year	26,740	15,529	24,133	4,369	1,944	–	72,715
Eliminated on disposal	(411)	–	(7,571)	(480)	(403)	–	(8,865)
Exchange adjustments	27	277	339	85	79	–	807
At 31 December 2024	197,446	90,373	112,452	13,843	13,113	–	427,227
Provided for the year	27,367	17,480	26,418	13,890	1,450	–	86,605
Eliminated on disposal	(7)	–	(12,110)	(669)	(117)	–	(12,903)
Exchange adjustments	28	77	279	73	(8)	–	449
At 31 December 2025	224,834	107,930	127,039	27,137	14,438	–	501,378
CARRYING VALUES							
At 31 December 2025	308,829	356,684	203,119	112,288	5,352	429,991	1,416,263
At 31 December 2024	278,056	228,649	164,934	26,957	2,416	217,668	918,680

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For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Note:

As at 31 December 2025, mining structures and machinery with cost of RMB1,424,000 (2024: RMB1,424,000) and RMB40,312,000 (2024: RMB28,703,000) respectively, have been fully depreciated but still in use.

An analysis of the carrying values of the buildings is as below:

	2025 RMB'000	2024 RMB'000
Hong Kong	5,449	5,914
Mainland China	62,445	68,869
Australia	3,440	3,699
Solomon Islands	285,350	150,167
	356,684	228,649

An analysis of the carrying values of the mining structures, buildings and machinery under construction or assembly and included in construction in progress, by mining projects, is as below:

	2025 RMB'000	2024 RMB'000
Yifeng Project	515	2,581
Solomon Project	429,476	215,087
	429,991	217,668

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis using the following estimated useful lives:

Mining structures	8-20 years
Buildings	20-30 years
Machinery	5-30 years
Motor vehicles	4-5 years
Electronic equipment	3-5 years

Details of the property, plant and equipment pledged to banks for borrowings granted to the Group is set out in note 34.

Notes to the Consolidated Financial Statements

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16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000 (Note a)	Leased properties RMB'000 (Note b)	Total RMB'000
COST			
At 1 January 2024	60,139	3,684	63,823
Additions	–	1,135	1,135
Termination of lease	–	(646)	(646)
Exchange adjustments	–	(193)	(193)
At 31 December 2024	60,139	3,980	64,119
Additions	–	900	900
Exchange adjustments	–	73	73
At 31 December 2025	60,139	4,953	65,092
ACCUMULATED DEPRECIATION			
At 1 January 2024	6,907	721	7,628
Provided for the year	1,383	938	2,321
Termination of lease	–	(384)	(384)
Exchange adjustments	–	(67)	(67)
At 31 December 2024	8,290	1,208	9,498
Provided for the year	1,385	930	2,315
Exchange adjustments	–	48	48
At 31 December 2025	9,675	2,186	11,861
CARRYING VALUES			
At 31 December 2025	50,464	2,767	53,231
At 31 December 2024	51,849	2,772	54,621
		2025	2024
		RMB'000	RMB'000
Total cash outflow for leases		1,161	1,213

Notes:

- (a) It represents the Group's ownership interests on leasehold lands held for own use in the PRC, with lease terms of between 10 and 50 years.
- (b) The Group has obtained rights to use properties as office premise through tenancy agreements. The leases run for an initial period of 4 to 5 years without extension options. The leases only included fixed lease payments.

Details of the right-of-use assets pledged to a bank for borrowing granted to the Group are set out in note 34.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. MINING RIGHTS

	2025 RMB'000	2024 RMB'000
COST		
At beginning of the year	276,171	295,406
Additions	29,897	–
Exchange adjustments	10,733	(19,235)
At end of the year	316,801	276,171
AMORTISATION		
At beginning of the year	63,197	44,068
Provided for the year	18,768	22,262
Exchange adjustments	2,208	(3,133)
At end of the year	84,173	63,197
CARRYING VALUES	232,628	212,974

The mining rights represent: (1) the right to conduct mining activities for Yifeng Project at the Xinzhuang mine in Jiangxi Province, the PRC, with a legal life of 26 years ending in 2032, and (2) the right to conduct mining activities for Solomon Project at the Gold Ridge mine on Guadalcanal in the Solomon Islands with a legal life of 15 years ending in 2034. The Gold Ridge mine in relation to the Solomon Project commenced commercial operations in 2022.

The mining rights are amortised using the unit of production method based on the actual production volume over the estimated total production volume after taking into consideration the total probable/proven reserves of the ore mines within the terms of the respective licences. The extension of the mining period and the enlargement of the annual production limit may change the estimated total probable/proven reserves of the ore mines over the terms of the licenced period.

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17. MINING RIGHTS (Continued)

An analysis of the carrying values of the mining rights, by mining projects, is as below:

	2025 RMB'000	2024 RMB'000
Yifeng Project	7,198	8,336
Solomon Project	225,430	204,638
	232,628	212,974

As at 31 December 2025, the directors of the Company considered that there is no impairment indicator in relation to the assets of the Yifeng Project and the Solomon Project and no impairment assessments have been performed.

18. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2024	229,065
Additions	15,249
Exchange adjustments	(2,340)
At 31 December 2024	241,974
Additions	73,990
Exchange adjustments	167
At 31 December 2025	316,131
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2024, 31 December 2024 and 2025	(4,317)
CARRYING VALUES	
At 31 December 2025	311,814
At 31 December 2024	237,657

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2025 and 2024, the exploration and evaluation assets are related to costs of the activities which occur in the area of 1) Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu; and 2) the Solomon Islands, which is the principal place of business of the Solomon Project.

Notes to the Consolidated Financial Statements

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18. EXPLORATION AND EVALUATION ASSETS (Continued)

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB73,885,000 (2024: RMB15,249,000), which mainly comprise of exploratory drilling costs and costs incurred in evaluation of technical feasibility and commercial viability of mineral extraction.

Please refer to note 19 for impairment assessment.

An analysis of the carrying values of the exploration and evaluation assets, by mining projects, is as below:

	2025 RMB'000	2024 RMB'000
Xizang Changdu	198,637	196,583
Solomon Project	113,177	41,074
	311,814	237,657

19. OTHER INTANGIBLE ASSET

RMB'000

COST

At 1 January 2024, 31 December 2024 and 2025 319,288

ACCUMULATED IMPAIRMENT LOSS

At 1 January 2024, 31 December 2024 and 2025 (7,123)

CARRYING VALUES

At 31 December 2024 and 2025 312,165

In addition to the exploration and evaluation assets set out in note 18 above, the Group has recognised other intangible asset pursuant to the acquisition of Xizang Changdu in the year ended 31 December 2018 which represents, in the opinion of the directors, premium paid for the mining right license to be obtained by Xizang Changdu to conduct mining activities in the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by Xizang Changdu. The Group is in the process of applying the mining permit for the above mine with the relevant regulatory authorities and the directors of the Company expect the mining permit will be granted to the Group without significant cost in the foreseeable future. The relevant mining permit, when granted to the Group, will allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining license. The aforementioned lead mine has a budgeted production plan of 26 years from 2029 to 2054 (2024: 26 years from 2028 to 2053) and estimated metallic resources and production volume of approximately 30,249,000 tonnes (2024: 30,249,000 tonnes).

The budgeted production plan and the estimated metallic resources of Xizang Changdu had been determined based on the management's expectation for the market development, feasibility study of the above mine which was prepared by a leading construction engineering consultancy firm in the PRC and reviewed and endorsed by the natural resource review panel of the Xizang province, and the expected production capacity of Xizang Changdu.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. OTHER INTANGIBLE ASSET *(Continued)*

Impairment test on Xizang Changdu Related Assets

The directors of the Company have performed impairment assessment on Xizang Changdu Related Assets and engaged an independent professional valuer, Win Bailey Valuation and Advisory Limited (2024: Win Bailey Valuation and Advisory Limited) to determine the recoverable amount of Xizang Changdu Related Assets by treating them as a single CGU. The recoverable amount is determined based on FVLCD calculation, using income approach, in particular, multi-period excess earnings method was adopted. The FVLCD has been determined taking into account the appropriate discount rate. The pre-tax discount rate in measuring recoverable amount is 28.31% (2024: 25.40%) per annum in relation to the CGU. As a result of the impairment assessment, no impairment loss in respect of Xizang Changdu Related Assets has been recognised in profit or loss during the years ended 31 December 2025 and 2024. Management believed that any reasonably possible change in any of the above assumptions would not result in impairment.

The key assumptions used in recoverable amount calculation include the discount rate and a growth rate of 0.50% (2024: 0.95%) per annum being applied for estimated selling prices. The discount rate had been determined based on the market comparable. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates.

Apart from the considerations described above in determining the recoverable amount of the CGU, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions.

Details of the assessment of headroom available as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Recoverable amount	638,882	550,982
Carrying amount of assets belonging to Xizang Changdu	510,803	508,748
Headroom	128,079	42,234

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For the year ended 31 December 2025

20. DEFERRED TAX ASSETS/LIABILITIES

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	7,263	5,747
Deferred tax liabilities	(268,881)	(89,391)
	(261,618)	(83,644)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during both years:

	Undistributed earnings of a PRC subsidiary RMB'000	Fair value adjustments on other intangible asset arising from acquisition of a subsidiary RMB'000	Restoration cost and other provisions RMB'000	Government grant RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2024	(12,465)	(78,041)	2,345	1,639	–	(86,522)
(Charge) credit to profit or loss	(10,750)	–	1,938	(175)	–	(8,987)
Payment of withholding tax relating to distribution of earnings of a subsidiary established in the PRC	11,865	–	–	–	–	11,865
At 31 December 2024	(11,350)	(78,041)	4,283	1,464	–	(83,644)
(Charge) credit to profit or loss	(14,500)	–	1,574	(129)	(169,990)	(183,045)
Payment of withholding tax relating to distribution of earnings of a subsidiary established in the PRC	5,000	–	–	–	–	5,000
Effect of foreign currency exchange Difference	–	–	71	–	–	71
At 31 December 2025	(20,850)	(78,041)	5,928	1,335	(169,990)	(261,618)

At the end of the reporting period, the Group has unused tax losses of approximately RMB14,043,000 (2024: RMB9,148,000) available for offset against future profits with no expiry date.

No deferred tax asset has been recognised in relation to such unused tax losses as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

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21. BANK BALANCES AND CASH

Restricted bank balances

The restricted bank balances carry interest at a fixed rate of 0.1% (2024: 0.1%) per annum. They represent the guarantee deposits in specified accounts which are restricted for the usage for restoration of the land upon closure of mines.

Cash and cash equivalent/term deposit

The balances carry interest at market rates as follows:

	2025	2024
	%	%
Bank balance – range of interest rates (per annum)	Nil to 3.29	Nil to 4.00
Term deposits – range of interest rates (per annum)	4.14	N/A

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

	2025	2024
	RMB'000	RMB'000
Australia Dollar (“AUS”)	16	16
US\$	141,795	205,373
Solomon Islander Dollar (“SBD”)	20,671	8,016

22. FINANCIAL ASSETS AT FVTPL

	2025	2024
	RMB'000	RMB'000
Financial assets at FVTPL:		
– structured deposits	1,044,647	699,430
– money market fund	443,988	635,727
– stock	48,859	–
	1,537,494	1,335,157

Structured deposits and money market fund are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

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23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Mining products		
– Raw materials	118,394	52,445
– Work-in-progress	167,644	105,316
– Finished goods	47,150	16,982
	333,188	174,743

24. TRADE AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers	(a)	272,514	164,809
Prepayments and other receivables			
– Prepayments to major subcontractors	(b)	9,875	29,280
– Prepayments to other suppliers	(c)	114,526	38,983
– Other receivables from major subcontractors	(d)	98,191	12,281
– Other receivables			
Tax credit		64,010	21,268
Other receivables		85,277	85,304
		371,879	187,116
Deposit for purchase of property, plant and equipment		132,046	4,973
Total trade and other receivables		776,439	356,898
Less: non-current portion:			
– Deposit for purchase of property, plant and equipment		(132,046)	(4,973)
– Other receivable		(24,630)	(20,830)
Current portion		619,761	331,095

Notes to the Consolidated Financial Statements

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24. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

As at 1 January 2024, trade receivables from contracts with customers amounted to approximately RMB69,370,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 30 days	272,514	164,809
	272,514	164,809

No trade receivables are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

The ECL for trade receivables as at 31 December 2025 and 2024 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2025 and 2024 is insignificant.

Details of impairment assessment of trade and other receivables are set out in note 39(b).

(b) Prepayments to major subcontractors

The prepayments were the subcontracting fee to mining subcontractors for mining of ores.

(c) Prepayments to other suppliers

Included in the balance are prepayments to suppliers of raw materials used in production, which amounted to approximately RMB39,654,000 as at 31 December 2025 (2024: RMB34,955,000).

(d) Other receivables from major subcontractors

As at 31 December 2025, the balance mainly represents payments made on behalf of mining subcontractors. During the year ended 31 December 2025, approximately RMB95,385,000 is expected to be offset against mining costs payable by the Group in the future, and such offset is regarded as a non-cash transaction.

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25. AMOUNT DUE FROM A RELATED COMPANY/AMOUNT DUE FROM A NON-CONTROLLING INTEREST

	2025 RMB'000	2024 RMB'000
Amount due from a related company	3	3

The balance is due from a company wholly-owned and controlled by Mr. Gao Mingqing, the chief executive of the company. The balance is interest free, unsecured and repayable on demand.

	2025 RMB'000	2024 RMB'000
Amount due from a non-controlling interest	45,547	–

At 31 December 2025, the balance is non-interest bearing, unsecured and is expected to be settled within 12 months.

26. TRADE AND OTHER PAYABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade payables	(a)	111,130	92,801
Value-added tax, resource tax and other tax payables	(b)	42,171	22,469
Payables for property, plant and equipment and mining rights		45,376	4,930
Dividend payable		9,252	4,260
Accrued expenses and other payables			
– Accrued expenses		22,513	9,588
– Accrued staff cost		6,467	6,145
– Other payables		30,225	15,889
		156,004	63,281
Total trade and other payables		267,134	156,082

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES (Continued)

- (a) The majority of trade payables represent amounts due to suppliers for the purchase of raw materials, consumables and services.

Suppliers grant the Group credit terms ranging from 30 to 120 days (2024: 30 to 120 days).

The following is an aged analysis of trade payables as at the end of the reporting period, presented based on invoice dates:

	2025 RMB'000	2024 RMB'000
Within 30 days	82,830	51,223
31 to 60 days	23,614	26,000
61 to 90 days	969	2,040
Over 90 days	3,717	13,538
	111,130	92,801

- (b) As at 31 December 2025, the balance primarily comprised value-added tax and resource tax, amounted to RMB15,682,000 (2024: RMB12,036,000) and RMB6,077,000 (2024: RMB8,348,000) respectively.

27. AMOUNTS DUE TO RELATED PARTIES

	Notes	2025 RMB'000	2024 RMB'000
Mr. Gao Mingqing	(a), (b)	350	383
Achieve Ample Investments Limited (“Achieve Ample”)	(a), (c)	265	272
		615	655

Notes:

- (a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB265,000 (2024: RMB272,000) is denominated in HK\$.
- (b) Victor Soar held approximately 25.57% (2024: 25.96%) of the issued share capital of the Company as at 31 December 2025 and is wholly-owned and controlled by Mr. Gao Mingqing.
- (c) Ms. Gao Jinzhu, an executive director of the Company, has approximately 12.75% (2024: 12.98%) of the issued share capital of the Company as at 31 December 2025 through Achieve Ample which is wholly-owned and controlled by her.

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28. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

On 3 March 2012, Yifeng Wanguo, West-Jiangxi Brigade of the Bureau of Geology and Mineral Exploration of Jiangxi Province (“**West-Jiangxi Brigade**”) and HK Taylor entered into a capital reduction agreement (the “**Capital Reduction Agreement**”). Pursuant to which, among other things, West-Jiangxi Brigade shall redeem all of its 12% equity investment in Yifeng Wanguo for a consideration of RMB207,872,000. According to the Capital Reduction Agreement, the consideration shall be payable by Yifeng Wanguo to West-Jiangxi Brigade by instalments set out below:

- (i) RMB6,000,000 within five working days after the completion of the Capital Reduction Agreement;
- (ii) RMB6,000,000 in December of the year in which the completion of the Capital Reduction Agreement took place and the year thereafter, respectively;
- (iii) RMB20,000,000 in December of the second year after the year in which the completion of the Capital Reduction Agreement took place; and
- (iv) RMB42,468,000 in December of each of the third year to the sixth year after the year in which the completion of the Capital Reduction Agreement took place.

The Capital Reduction Agreement was approved by the relevant PRC government authorities on 23 April 2012. Upon the approval of the Capital Reduction Agreement and the completion of registration with the relevant authorities in the PRC, Yifeng Wanguo became a wholly-owned subsidiary of the Company on 27 April 2012.

As a result, the Group has recorded a liability of RMB153,584,000, which was the present value of the total consideration discounted at 7.05% payable by Yifeng Wanguo to West-Jiangxi Brigade as at the date of the completion of the transaction.

During the year ended 31 December 2018, an amount of approximately RMB42,468,000, which fell due in that year, was agreed through negotiation to be extended to 2020. During the year ended 31 December 2025, RMB10,000,000 was settled.

At the end of the reporting period, the carrying amount of consideration payable is unsecured, interest free and repayable on demand.

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29. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured bank borrowings at:		
– fixed rate	40,000	149,950
Secured bank borrowings at:		
– fixed rate	30,000	30,000
– floating rate	58,551	80,712
	128,551	260,662
The carrying amounts of the above bank borrowing are repayable:		
– within one year	71,600	181,550
– within a period of more than one year but not exceeding two years	56,000	1,600
– within a period of more than two years but not exceeding five years	–	76,000
Carrying amount of bank borrowings that contains a repayment on demand clause (shown under current liabilities)	951	1,512
	128,551	260,662
Less: Amount due within one year shown under current liabilities	(72,551)	(183,062)
Amount shown under non-current liabilities	56,000	77,600

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate and RMB Benchmark Loan Rates issued by the People's Bank of China. Interests was reset multiple times during the year ended 31 December 2025.

The bank borrowings were guaranteed by certain directors of the Company, certain related parties (as detailed in note 37(a)) and certain equity interests of certain subsidiaries. Secured bank borrowings were secured by equity interests of certain subsidiaries of the Company and certain property, plant and equipment and certain right-of-use assets of the Group.

The effective interest rates on the Group's borrowings are as follows:

	2025 %	2024 %
Effective interest rate for fixed rate borrowings (per annum)	3.45 to 6.10	4.00 to 6.10
Effective interest rate for floating rate borrowings (per annum)	2.35 to 4.50	2.73 to 4.50

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30. DEFERRED INCOME

Deferred income represents government grants received by Yifeng Wanguo from local authority in the PRC for mining technology improvement.

The deferred income is released to income over the expected useful life of the relevant assets resulting from the mining technology improvement. Movements of deferred income during the year are as follows:

	2025 RMB'000	2024 RMB'000
Government grants related to assets:		
At the beginning of the year	4,010	5,170
Released to profit or loss	(858)	(1,160)
At the end of the year	3,152	4,010

31. PROVISIONS FOR RESTORATION COSTS

	2025 RMB'000	2024 RMB'000
At beginning of the year	15,085	9,060
Provisions	4,796	6,025
Exchange adjustment	204	–
At end of the year	20,085	15,085

In accordance with relevant rules and regulations in the PRC and the Solomon Islands, the Group is obliged to restore the land upon closure of the mines. The Group provided the costs for restoration for its present obligation.

The provision for restoration costs has been determined by the directors based on their best estimates. The directors estimated the liabilities for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows to be spent for a third party to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at discount rates that reflect current market assessments of the time value of money and the risks specific to the liabilities, such that the provisions reflect the present value of the expenditures expected to be required to settle the obligation.

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32. SHARE CAPITAL

Details of share capital of the Company are as follows:

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.025(2024:HK\$0.10) each		
Authorised:		
At 1 January 2024, 31 December 2024	1,000,000	100,000
Increase on 28 October 2024 (note a)	9,000,000	900,000
At 31 December 2024	10,000,000	1,000,000
Subdivision of shares (note b)	30,000,000	–
At 31 December 2025	40,000,000	1,000,000
Issued:		
At 1 January 2024	828,000	82,800
Issue of shares (note c)	165,600	16,560
Issued in consideration for the acquisition of a subsidiary (note d)	90,227	9,023
At 31 December 2024	1,083,827	108,383
Issue of shares (note e)	22,500	2,250
Subdivision of shares (note b)	3,318,982	–
At 31 December 2025	4,425,309	110,633
	2025	2024
	RMB'000	RMB'000
Shown in the consolidated statement of financial position	93,273	91,223

Notes:

- (a) On 28 October 2024, the Company increased authorised share capital from HK\$100,000,000 divided into 1,000,000,000 shares of HK\$0.1 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.1 each.
- (b) On 25 November 2025, the Company undertook share split by subdivision of each existing issued and unissued share with a par value of HK\$0.10 each into four shares with a par value of HK\$0.025 each. The new shares rank pari passu with the existing shares in all respects.
- (c) On 1 November 2024, the Company allotted and issued an aggregate of 165,600,000 new share of the Company to Gold Mountains (H.K.) International Mining Company Limited for cash, as detailed in the note (d) to the consolidated statement of changes in equity.
- (d) On 9 October 2024, the Company acquired 20.22% share capital of AXF Gold Ridge by the allotment and issue of 90,227,200 new shares of the Company, as detailed in the note (c) to the consolidated statement of changes in equity.
- (e) On 3 September 2025, the Company allotted and issued an aggregate of 22,500,000 new share of the Company to Victor Soar Investments Limited for cash, as detailed in the note (e) to the consolidated statement of changes in equity.

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33. SHARE-BASED PAYMENTS

The Company's 2024 Share Option Scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 15 January 2025. The purposes of the Share Option Scheme are to recognise and acknowledge the contributions that the Group employees, directors and service providers (the "Eligible Participants") have made or may make to the Group, and to enable the Group to grant options to the Eligible Participants with the view to achieve the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

At 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 10,880,000.

Set out below are details of the movements of the outstanding options granted under the Share Option Scheme during the period ended 31 December 2025:

For the year ended 31 December 2025

Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding as at 1.1.2025	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31.12.2025
24 January 2025 (Note 1)	Note 2	Note 3	HK\$13.31	–	10,880,000	–	(2,130,000)	8,750,000
20 March 2025 (Note 1)	Note 2	Note 3	HK\$17.80	–	2,130,000	–	–	2,130,000
				–	13,010,000	–	(2,130,000)	10,880,000
Exercisable at the end of the period				–	–	–	–	–
Weighted average exercise price				–	HK\$14.04	–	–	HK\$14.18

Note 1: On 24 January 2025, the Company granted an aggregate of 10,880,000 share options to director, employees and service providers of the Group, comprising 7,150,000 share options to employees, 2,130,000 share options to directors, and 1,600,000 share options to service providers. On 4 February 2025, the Company and each of the director agreed to cancel all of the relevant share options previously granted. The difference of the fair value of the share options granted to the directors between the grant date and cancelled date is not material. On 20 March 2025, the Company granted 2,130,000 share options to the directors of the Group.

Note 2: All the share options shall vest two years from the date of grant, subject to the employees continuing to be a service provider through each such date.

Note 3: The exercise period of the options granted under the Share Option Scheme shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Share Option Scheme and the share option award agreement signed by the grantee.

The fair value of the options granted during the year ended 31 December 2025 is HK\$48,414,000 (RMB43,728,000 in equivalent), which determined by the binomial option-pricing model. These fair values and corresponding inputs into the model were as follows:

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For the year ended 31 December 2025

33. SHARE-BASED PAYMENTS *(Continued)*

Grant to employees at the date of 24 January 2025:

Expected volatility	46.55%
Risk-free interest rate (per annum)	3.84%
Expected dividend yield	2.49%
Expected Exercise Multiple	2.8
The number of share options granted	7,150,000
Fair value of the underlying shares on the date of option grants	4.34

Grant to service providers at the date of 24 January 2025:

Expected volatility	46.55%
Risk-free interest rate (per annum)	3.84%
Expected dividend yield	2.49%
Expected Exercise Multiple	2.2
The number of share options granted	1,600,000
Fair value of the underlying shares on the date of option grants	4.21

Grant to director at the date of 20 March 2025:

Expected volatility	46.77%
Risk-free interest rate (per annum)	3.47%
Expected dividend yield	2.25%
Expected Exercise Multiple	2.8
The number of share options granted	2,130,000
Fair value of the underlying shares on the date of option grants	5.00

The directors of the Group estimated the risk-free interest rate based on the yield of the Hong Kong 10-Year Bond with a maturity life close to the option life of the share option. Volatility and dividend yield was estimated at grant date based on average of historical volatilities and dividend yields of the company with length commensurable to the time to maturity of the share options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised total expense of approximately HK\$21,812,000 (RMB19,989,000 in equivalent) for the year ended 31 December 2025 in relation to share options granted by the Group.

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34. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to bank borrowings granted to the Group:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	30,399	33,788
Right-of-use assets	21,502	22,149
	51,901	55,937

35. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of:		
– acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,547,513	346,472

36. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (with a cap in accordance with the statutory requirements) to the MPF Scheme, which contribution is matched by employees.

The employees of the Group’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a range of 12% to 20% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

No forfeited contribution under the MPF Scheme or state-managed defined contribution retirement benefits schemes was utilised during the year or available to reduce the contribution payable in future years.

The total expense recognised in profit or loss of RMB4,137,000 (2024: RMB3,598,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

(a) Related party balances and transactions

Details of the balances with related parties as at 31 December 2025 and 2024 are set out in the consolidated statement of financial position and in notes 25 and 27.

As at 31 December 2025, bank borrowings of RMB107,600,000 (2024: RMB149,150,000) as set out in note 29 were personally guaranteed by both Mr. Gao Mingqing and Ms. Gao Jinzhu, and bank borrowings of RMB20,000,000 (2024: RMB110,000,000) were personally guaranteed by Mr. Gao Mingqing.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other key management personnel during the year were as follows:

	2025 RMB'000	2024 RMB'000
Fees, salaries and other allowances	10,217	9,416
Discretionary bonuses	285	357
Retirement benefit scheme contributions	169	249
Share-based payment expenses	6,870	–
	17,541	10,022

The remuneration of directors and key management personnel is determined having regard to the performance of individuals and market trends.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which mainly include bank borrowings (note 29), payable to a former non-controlling shareholder of a subsidiary (note 28), and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issue and the issue of new debt or the redemption of existing debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or process for managing capital during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets:		
Amortised cost	1,667,898	806,922
Financial assets at FVTPL	1,537,494	1,335,157
Financial liabilities:		
Amortised cost	362,882	446,839

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, financial assets at FVTPL, bank balances and cash, trade and other payables, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with the financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's exposure to foreign currency risk related primarily to certain bank balances and other receivables maintained in HK\$, AU\$, US\$ and SBD.

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

	2025 RMB'000	2024 RMB'000
Assets		
HK\$	42,392	–
AU\$	28,546	5,469
US\$	1,598,429	1,540,496
SBD	57,681	10,413
Liabilities		
HK\$	22	–
AU\$	136	–
US\$	–	–
SBD	44,587	43,302

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk (Continued)

Currency risk *(Continued)*

Sensitivity analysis

The Group mainly exposes to US\$ currency risk, sensitivity analysis of strengthening 5% in functional currency of the Company (i.e. HK\$) against US\$ resulted in a decrease in post-tax profit of RMB59,941,000 (2024: RMB57,769,000) during the year ended 31 December 2025. For a 5% weakening of HK\$ against US\$, there would be an equal and opposite impact on the results.

5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank balance (note 21), bank borrowings (note 29) and lease liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 21) and bank borrowings (note 29).

The Group's exposures to interest rates on bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of Hong Kong Interbank Offered Rate arising from the Group's HK\$ denominated bank borrowings.

The Group currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on an on-going basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or 50 basis points decrease (2024: 50 basis points increase or 50 basis points decrease) represents management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank balances and bank borrowings had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2025 would increase/decrease by approximately RMB9,734,000 (2024: RMB1,638,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group has concentration of credit risk in respect of trade receivables with approximately 53% of total trade receivables as at 31 December 2025 (2024: 58%) was due from one customer. The Group believes that the amount is considered recoverable after taking into account the subsequent settlement after the year end, credit history of the customer and forward-looking information.

The Group has concentration of credit risk by geographical location as the majority of its trade receivable as at 31 December 2025 were in the Solomon Islands (2024: Solomon Islands).

In order to minimise the credit risk, the Group's current credit practices include assessment and evaluation of customers' credit reliability and periodically review of their financial status to determine credit limit to be granted. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables collectively for those with similar credit risk characteristics based primarily on the trade debtors' aging profiles. The Group has been exploring new customers in order to reduce the concentration of credit risk.

Bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Other receivables

The credit risk on other receivables is also limited because of the historical settlement record, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Other receivables (Continued)

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

2025	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs				
Bank balances and cash	21	N/A	12-months-ECL	1,211,916
Trade receivables	24	(note i)	Lifetime ECL	272,514
Other receivables	24	(note ii)	12-months-ECL	183,468
<hr/>				
2024	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs				
Bank balances and cash	21	N/A	12-months-ECL	523,260
Trade receivables	24	(note i)	Lifetime ECL	164,809
Other receivables	24	(note ii)	12-months-ECL	118,853

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items base on the Group's historical default rates taking into consideration forward-looking information. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. During the year ended 31 December 2025, the Group did not provide any impairment allowance (2024: nil) for trade receivables.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The Group determines the expected credit loss (ECL) on these items based on historical default rates and adjusts for forward-looking information. The above amount includes other receivables of RMB24,830,000, which are secured by certain collateral. During the year ended 31 December 2025, the Group recognised an impairment loss of approximately RMB203,000 on other receivables (2024: nil).

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39. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, undrawn banking facilities and other debt financing instruments, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, which is also the agreed repayment date, on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

The amounts included below for variable rate instruments for financial liabilities are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average effective interest rate %	On demand/ less than 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2025						
Trade and other payables	–	205,370	–	–	205,370	205,370
Amounts due to related parties	–	615	–	–	615	615
Consideration payable to a former non-controlling shareholder of a subsidiary	–	47,936	–	–	47,936	47,936
Lease liabilities	8.54	184	586	2,325	3,095	3,118
Bank borrowings						
– fixed rate	3.80	31,049	41,440	–	72,489	70,000
– floating rate	4.76	2,793	5,963	62,787	71,543	58,551
		287,947	47,989	65,112	401,048	385,590
As at 31 December 2024						
Trade and other payables	–	127,586	–	–	127,586	127,586
Amounts due to related parties	–	655	–	–	655	655
Consideration payable to a former non-controlling shareholder of a subsidiary	–	57,936	–	–	57,936	57,936
Lease liabilities	10.37	184	586	2,325	3,095	3,044
Bank borrowings						
– fixed rate	4.87	132,392	50,732	–	183,124	179,950
– floating rate	3.15	1,712	1,882	81,591	85,185	80,712
		320,465	53,200	83,916	457,581	449,883

Bank borrowings with a repayment on demand clause are included in the “on demand/less than 3 months” time band in the above maturity analysis. As at 31 December 2025, the aggregate amounts of these bank borrowings amounted to approximately RMB951,000 (2024: RMB1,512,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

For the purpose of managing liquidity risk, management reviewed the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as below:

	On demand/ less than 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2025					
Bank borrowings with a repayment on demand clause	138	416	416	970	951
As at 31 December 2024					
Bank borrowings with a repayment on demand clause	143	429	1,000	1,572	1,512

The amounts included above for floating interest rate instruments for financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of the reporting period.

40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. The fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

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40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31/12/2025 RMB'000	31/12/2024 RMB'000		
Financial assets at FVTPL	1,502,350	1,335,157	Level 2	Discounted cash flow Future cash flows are estimated based on estimated return

There were no transfers between levels 1, 2 and 3 during the year.

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

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities RMB'000	Bank borrowings RMB'000	Amounts due to related parties RMB'000	Dividend payable RMB'000	Consideration payable to a former non-controlling shareholder of a subsidiary RMB'000	Total RMB'000
At 1 January 2024	3,111	201,937	5,304	–	57,936	268,288
Financing cash flows	(1,213)	46,785	(4,764)	(251,984)	–	(211,176)
<i>Non-cash changes</i>						
Interest expenses	358	11,897	–	–	–	12,255
New leases entered/termination of lease	1,135	–	–	–	–	1,135
Effect of foreign currency exchange differences	(347)	43	115	–	–	(189)
Dividend recognise	–	–	–	256,244	–	256,244
At 31 December 2024	3,044	260,662	655	4,260	57,936	326,557
Financing cash flows	(1,161)	(139,581)	(42)	(432,811)	(10,000)	(583,595)
<i>Non-cash changes</i>						
Interest expenses	333	7,476	–	–	–	7,809
New leases entered/termination of lease	900	–	–	–	–	900
Effect of foreign currency exchange differences	2	(6)	2	(3,189)	–	(3,191)
Dividend declared	–	–	–	440,992	–	440,992
At 31 December 2025	3,118	128,551	615	9,252	47,936	189,472

Notes to the Consolidated Financial Statements

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42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries directly and indirectly held by the Company as at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group		Principal activities
			2025	2024	
<i>Directly owned</i>					
Multinational International Holdings Limited	British Virgin Islands	US\$50,000	100%	100%	Investment holding
<i>Indirectly owned</i>					
HK Taylor	Hong Kong	HK\$86,900,000	100%	100%	Investment holding
Yifeng Wanguo (note 3)	The PRC	RMB268,990,000	100%	100%	Mining and Processing of ores and sales of processed concentrates
Xizang Changdu	The PRC	RMB195,000,000	51%	51%	Exploration of mineral resources
Wanguo Australia	Australia	AUS\$1,000	100%	100%	Investment holding
Wanguo Ascendant Holding Limited	Hong Kong	HK\$1	100%	100%	Investment holding
Mega Harvest International Development Limited	Hong Kong	HK\$1	100%	100%	Investment holding
AXF Gold Ridge	Australia	AUS\$1,000	98%	98%	Investment holding
GRML	Solomon Islands	AUS\$81,343,000	88.20%	88.20%	Exploration of mineral resources, mining and sales of processed concentrates and gold doré

Notes:

- The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.
- It has become a wholly foreign owned enterprise since 27 April 2012.

Notes to the Consolidated Financial Statements

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43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2025, the proportion of ownership interests and voting rights held by non-controlling interests in Xizang Changdu and AXF Gold Ridge are 49% (2024:49%) and 2% (2024:2%) respectively.

Summarised financial information in respect of Xizang Changdu and AXF Gold Ridge, which the Group has material non-controlling interests, is set out below. The summarised financial information of Xizang Changdu and consolidated financial information of AXF Gold Ridge and its subsidiaries prepared in accordance with the accounting policies of the Group before intragroup eliminations are as follows:

Xizang Changdu

Financial information of statement of profit or loss and other comprehensive income

	2025 RMB'000	2024 RMB'000
Other income	–	1
Expenses and taxation	(341)	(368)
Loss for the year	(341)	(367)
Loss and other comprehensive expense for the year attributable to:		
Owners of the Company	(174)	(187)
Non-controlling interests	(167)	(180)
	(341)	(367)

Notes to the Consolidated Financial Statements

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43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

AXF Gold Ridge

Financial information of consolidated statement of profit or loss and other comprehensive income

	2025 RMB'000	2024 RMB'000
Revenue	2,440,962	1,187,928
Other gain and loss	19,321	(1,369)
Expenses and taxation	(1,258,542)	(691,563)
Profit for the year	1,201,741	494,996
Other comprehensive expense for the year		
– Exchange differences on translation from functional currency to presentation currency	(9,509)	(7,707)
Total comprehensive income for the year	1,192,232	487,289
Profit for the year attributable to:		
Owners of the Company	1,059,936	379,011
Non-controlling interests	141,805	115,985
	1,201,741	494,996
Total comprehensive income attributable to:		
Owners of the Company	1,048,958	370,609
Non-controlling interests	143,274	116,680
	1,192,232	487,289

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43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Xizang Changdu

Financial information of statement of financial position

	2025 RMB'000	2024 RMB'000
Non-current assets	510,803	508,748
Current assets	1,192	588
Current liabilities	(15,917)	(12,917)
Non-current liabilities	(78,041)	(78,041)
	418,037	418,378
Equity attributable to:		
Owners of the Company	213,199	213,373
Non-controlling interests	204,838	205,005
	418,037	418,378

Financial information of statement of cash flows

	2025 RMB'000	2024 RMB'000
Net cash (outflow)/inflow from operating activities	(875)	2,559
Net cash outflow from investing activities	–	(2,274)
Net cash inflow from financing activities	1,500	–
Net cash inflow	625	285

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43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

AXF Gold Ridge

Financial information of consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Non-current assets	1,496,113	769,600
Current assets	1,375,541	449,538
Current liabilities	(479,710)	(217,587)
Non-current liabilities	(213,874)	(37,671)
	2,178,070	963,880
Equity attributable to:		
Owners of the Company	1,921,058	850,142
Non-controlling interests	257,012	113,738
	2,178,070	963,880

Financial information of statement of cash flows

	2025 RMB'000	2024 RMB'000
Net cash inflow from operating activities	1,150,219	515,113
Net cash outflow from investing activities	(805,139)	(161,813)
Net cash inflow/(outflow) from financing activities	75,117	(309,701)
Net cash inflow	420,197	43,599

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries	661,740	678,458
Amounts due from subsidiaries	11,871	11,871
Property, plant and equipment	19	–
	673,630	690,329
CURRENT ASSETS		
Amounts due from subsidiaries	1,294,153	1,109,851
Other receivables and prepayments	645	309
Financial assets at FVTPL	601,473	649,430
Bank balances and cash	266,273	4,246
	2,162,544	1,763,836
CURRENT LIABILITIES		
Amounts due to shareholders	265	271
Amounts due to subsidiaries	204,998	–
Other payables	9,545	14,328
	214,808	14,599
NET CURRENT ASSETS	1,947,736	1,749,237
TOTAL ASSETS LESS CURRENT LIABILITIES	2,621,366	2,439,566
CAPITAL AND RESERVES		
Share capital	93,273	91,223
Reserves	2,528,093	2,348,343
TOTAL EQUITY	2,621,366	2,439,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Movement in reserves:

	Share premium RMB'000	Exchange reserve RMB'000	Retained Profits RMB'000	Share-based payments Reserves RMB'000	Total RMB'000
At 1 January 2024	189,914	47,426	187,175	–	424,515
Profit and total comprehensive income for the year	–	39,640	153,062	–	192,702
Dividend recognised as distribution	(243,847)	–	–	–	(243,847)
Issue of shares	1,975,103	–	–	–	1,975,103
Transaction costs attributable to issue of share	(130)	–	–	–	(130)
At 31 December 2024	1,921,040	87,066	340,237	–	2,348,343
Profit and total comprehensive income for the year	–	–	6,034	–	6,034
Dividend recognised as distribution	(442,195)	–	–	–	(442,195)
Issue of shares	665,042	–	–	–	665,042
Recognition of equity-settled share-based payments	–	–	–	20,091	20,091
Effect of foreign currency exchange differences	1,203	(60,976)	–	–	(59,773)
Transaction costs attributable to issue of share	(9,449)	–	–	–	(9,449)
At 31 December 2025	2,135,641	26,090	346,271	20,091	2,528,093

Summary Financial Information

RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	3,161,200	1,875,561	1,315,517	681,418	2,014,395
Profit before tax	2,096,401	805,753	421,649	209,222	220,945
Income tax expenses	(599,799)	(114,573)	(30,710)	(39,504)	(39,305)
Profit for the year	1,496,602	691,180	390,939	169,718	181,640
Profit attributable to owners of the Company	1,354,964	575,375	335,387	180,540	193,432

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	2,500,665	1,777,219	1,678,044	1,615,487	1,504,047
Current assets	3,740,369	2,357,984	683,559	422,476	294,713
Current liabilities	(713,262)	(493,513)	(494,098)	(487,022)	(330,960)
Total assets less current liabilities	5,527,772	3,641,690	1,867,505	1,550,941	1,467,800
Non-current liabilities	(350,142)	(188,369)	(107,039)	(101,342)	(140,389)
Non-controlling interests	(461,850)	(318,743)	(354,851)	(301,134)	(287,464)
Equity attributable to owners of the Company	4,715,780	3,134,578	1,405,615	1,148,465	1,039,947