

XIMAY

稀美資源控股有限公司

XIMEI RESOURCES HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9936

2025

ANNUAL REPORT





CORPORATE PROFILE

Founded on 9 May 2006, the Group is an early non-state-owned market player in the tantalum and niobium industry in the People's Republic of China (the "PRC"), ranking ahead among domestic peers in terms of market share of products. The Group is principally engaged in the manufacturing and sale of tantalum- and niobium-based products, including tantalum- and niobium-based hydrometallurgical products, tantalum- and niobium-based pyrometallurgical products, and tantalum- and niobium-based deeply-processed products. In particular, hydrometallurgical products mainly include tantalum pentoxide, niobium pentoxide, potassium heptafluorotantalate and tantalum/niobium alkoxide; pyrometallurgical products mainly include tantalum/niobium powder, melted tantalum/niobium, ferroniobium and niobium-nickel binary alloys, and various high-purity tantalum/niobium ingots; tantalum- and niobium-based deep-processed products include tantalum/niobium strips, tubes, rods and wires, and various contract-processed products. The products are widely used in high-temperature alloys, semiconductors, high-end electronics, aerospace, defense and military, optical and medical fields. The Group has passed the quality, environment, occupational health, intellectual property and other management system certifications, and passed the Responsible Minerals Initiative (RMI) annual audit for several consecutive years. As a member of the Tantalum-Niobium International Study Center (TIC) and vice president of the Tantalum and Niobium Division of the China Nonferrous Metals Industry Association, the Group strictly complies with applicable international and domestic laws, regulations and industry self-discipline rules.

Ximei Resources Holding Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**" or "**Ximei Resources**" or "**we**" or "**us**") was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in March 2020. So far the Group has established a total of five production bases in Guangdong Province, Guizhou Province and Hunan Province. In 2022, Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司) ("**Ganfeng Lithium**"), a leading company in the global lithium industry chain, became a strategic shareholder of the Company with a 16.7% shareholding at the time of investment. In November 2024, our subsidiary, Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司) ("**Ximei Guangdong**"), received a capital injection of RMB60 million from Jinshi Manufacturing Transformation and Upgrading New Material Fund (Limited Partnership)* (金石製造業轉型升級新材料基金(有限合夥)), which will provide strong support to the Company in terms of capital, technology and resources.

Hydrometallurgical Projects

The implementation entities of the Group's hydrometallurgical projects include Ximei Guangdong and Ximei Resources (Leizhou) Company Limited* (稀美資源(雷州)有限公司) ("**Ximei Leizhou**"), being its wholly-owned subsidiaries, and CNNC Central China New Materials Co., Ltd. ("**CNNC Huazhong**"), being its associate. In particular, Ximei Guangdong is a world leading tantalum- and niobium-based hydrometallurgical enterprise, focusing on the research and development and production of tantalum heptafluorotantalate, niobium pentoxide, tantalum pentoxide, high-purity niobium pentoxide, high-purity tantalum pentoxide and tantalum/niobium alkoxide. In the past three years, the Group's hydrometallurgical products gained a market share of nearly 40% (note 1) in China. The Group is a national high-tech enterprise, and has been recognised as an innovative enterprise of Guangdong Province, an excellent manufacturing enterprise of Guangdong Province, a provincial single champion product enterprise in manufacturing industry of Guangdong Province, a high-growth enterprise of Guangdong Province, a "Little Giant" specialised and innovative enterprise, a national postdoctoral scientific research center and a national enterprise with intellectual property advantages. The Group has established a provincial and municipal engineering technology research center, and a provincial and municipal technology specialist workstation. Ximei Leizhou has a project with a total planned annual production capacity of 3,000 tons of high-performance tantalum- and niobium-based oxide which is under proactive advancement. The installation and commissioning of the majority of the equipment has now been completed, and preparations for the commencement of production are well conducted. CNNC Huazhong entered the production phase in 2024, with a designed annual capacity of 1,000 tons of oxides.

Pyrometallurgical Projects

The implementation entities of the Group's pyrometallurgical projects include Ximei Guangdong Qinghua Park Production Base and Ximei Resources (Guizhou) Technology Limited* (稀美資源(貴州)科技有限公司) ("**Ximei Guizhou**"). Established in 2020, Ximei Guizhou is the Group's major production base for pyrometallurgical products, which mainly include melted tantalum/niobium, ferroniobium and niobium-nickel binary alloys, and various high-purity tantalum/niobium ingots, with a planned production capacity of 1,500 tons per year, which will rank among the top three in the world upon reaching full capacity.

In light of its strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation and the goal of "developing strategic metals and pursuing green metallurgy", Ximei Resources makes continuous research and development and innovation, expands its production capacity and extends its industrial chain. With its unique technology, excellent quality and high-quality services, the Group has won the recognition and praise of its customers and aspires to become "a world leading manufacturer and operator of tantalum- and niobium-based products".

Note:

1. Reference is made to the statistics of Ximei Resources.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wu Lijue (*Chairman*)
Mr. Mao Zili
Ms. Huang Jieli

Non-executive Directors

Mr. Liao Longlong (appointed on 27 March 2026)
Ms. Ouyang Ming (resigned on 26 December 2025)

Independent Non-executive Directors

Mr. Lau Kwok Fai Patrick
Mr. Zhong Hui
Ms. Shi Ying

AUDIT COMMITTEE

Mr. Lau Kwok Fai Patrick (*Chairman*)
Mr. Zhong Hui
Ms. Shi Ying

NOMINATION COMMITTEE

Mr. Wu Lijue (*Chairman*)
Mr. Zhong Hui
Mr. Lau Kwok Fai Patrick
Ms. Shi Ying (appointed on 27 June 2025)

REMUNERATION COMMITTEE

Mr. Zhong Hui (*Chairman*)
Mr. Lau Kwok Fai Patrick
Ms. Huang Jieli

COMPANY SECRETARY

Mr. Chang Eric Jackson (*HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Wu Lijue
Mr. Chang Eric Jackson (*HKICPA*)

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CORPORATE INFORMATION (CONTINUED)

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Hong Kong

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Guangdong Province
People's Republic of China

Bank of China
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Qingyuan City
Guangdong Province
People's Republic of China

COMPANY'S WEBSITE

www.ximeigroup.com

STOCK CODE

9936

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2025 RMB' 000	2024 RMB'000	Changes Increase/ (decrease)
Financial Highlights			
Revenue	2,241,855	1,822,049	23.0%
Cost of sales	(1,773,327)	(1,425,277)	24.4%
Gross profit	468,528	396,772	18.1%
Profit before tax	215,988	163,043	32.5%
Profit for the year	183,342	134,176	36.6%
Profit for the year attributable to owners of the Company	171,597	124,195	38.2%
Basic earnings per share (in RMB)	0.48	0.35	37.1%
Proposed final dividend per share (HK cents)	6.58	5.56	18.3%

	As at 31 December		
	2025 RMB' 000	2024 RMB'000	Changes Increase/ (decrease)
Liquidity and Gearing			
Current ratio (Note 1)	1.97	2.26	(12.8%)
Quick ratio (Note 2)	1.04	1.20	(13.3%)
Gearing ratio (Note 3)	24.4%	26.7%	(8.6%)

Notes:

- (1) Current ratio represents total current assets divided by total current liabilities as at the relevant year end.
- (2) Quick ratio represents total current assets less inventories divided by total current liabilities as at the relevant year end.
- (3) Gearing ratio represents total bank borrowings excluding discounted bills, less cash and cash equivalents, divided by total equity as at the end of relevant year multiplied by 100%.

CHAIRMAN'S STATEMENT

Dear stakeholders,

Thank you for your ongoing care, support and trust in Ximei Resources. On behalf of the board of directors of the Company (the “**Board**”), I hereby take pride and pleasure in presenting the annual report of Ximei Resources Holding Limited for the year ended 31 December 2025 (the “**Year Under Review**”) to our shareholders (the “**Shareholders**”) and potential investors.

ANNUAL REVIEW AND OUTLOOK

As a manufacturing operator focusing on tantalum and niobium metals, the Group adheres to its core positioning of “professional, integrated, large-scale, high-end, international, and capital-based”, and continues to promote industrial chain integration and capacity upgrades. The Group has now established a layout of five major production bases, with the comprehensive competitiveness of its tantalum and niobium business continuing to enhance, and is committed to becoming a world-leading tantalum and niobium manufacturing operator. During the Year Under Review, we continued to focus on technological innovation, talent cultivation, and market expansion to promote high-quality corporate development and create long-term value for Shareholders.

During the Year Under Review, the global economic recovery continued to face multiple uncertainties, such as the geopolitical tensions, inflationary pressures and shifts in the monetary policies of major economies, which affected the stability of the supply chain to a certain extent. However, the tantalum and niobium industry embraced structural opportunities, the demand for high-purity and high-end tantalum and niobium products in fields such as new energy, semiconductors, aerospace and high-end manufacturing showed explosive growth, and the industry entered a development stage centered on technology-driven growth and application expansion. Against this backdrop, the Group seized market opportunities and flexibly adjusted its business strategies to achieve continuous growth in results, further demonstrating its operational resilience and development momentum.

In terms of key financial data, Ximei Resources achieved significant growth during the Year Under Review: revenue amounted to approximately RMB2,241.9 million, a year-on-year increase of 23.0%; gross profit was approximately RMB468.5 million, a year-on-year increase of 18.1%; profit for the year attributable to shareholders of the Company was approximately RMB171.6 million, a significant year-on-year increase of 38.2%; and basic earnings per share increased to RMB0.48, a year-on-year increase of 37.1%. The core driving force behind our growth in results was the full release of production capacity from our pyrometallurgical projects, as well as the optimization and upgrading of our product structure. Revenue from our core business of tantalum and niobium metal and its products increased by 43.8% year-on-year to approximately RMB1,209.7 million, accounting for 54.0% of total revenue and becoming our largest revenue segment. Our tantalum and niobium hydrometallurgical compounds business remained stable, while trading goods, processing services and others businesses also achieved year-on-year growth of 12.9%, resulting in a more rational revenue structure.

In terms of market layout, while consolidating its core market in Chinese Mainland, the Group continued to advance its internationalization strategy. Despite slight fluctuations in revenue from certain overseas regions such as the United States, the overall overseas business maintained a sound development momentum, with products sold to various countries and regions including the European Union, the United Kingdom, and Asia, and the global customer cooperation system was further refined. Meanwhile, the Group's cooperation with its core customers had deepened, with the proportion of revenue contributed by its single largest customer further increasing. The strategic optimization of our customer structure provided solid support for the stability of our results.

CHAIRMAN'S STATEMENT (CONTINUED)

During the Year Under Review, in the face of market opportunities and challenges, all members of Ximei united their efforts and forged ahead, advancing various tasks in line with the Group's strategic objectives. In terms of technological innovation, R&D investment increased by approximately RMB18.9 million year-on-year to approximately RMB92.8 million, accounting for 4.74% of total revenue; ultra-high purity tantalum metal achieved bulk supply to semiconductor tantalum target manufacturers, breaking the monopoly of foreign products; high-capacitance tantalum powder developed for polymer tantalum capacitors was upgraded and optimized; the cumulative number of authorized patents continued to grow, and the technical protection system became more sophisticated. In terms of capacity upgrades, the five major production bases performed their respective duties and operated steadily. The Leizhou hydrometallurgical production base entered the equipment installation and commissioning stage, the Yingde and Leiyang hydrometallurgical bases achieved full production, and the capacity of the pyrometallurgical bases continued to be released. Production efficiency was improved and unit consumption was reduced through various technical transformation projects, achieving higher quality and greater efficiency. In terms of talent development, we implemented a human resources leadership strategy, introducing 141 new talents of various types throughout the year, of whom nearly 60% hold a bachelor's degree or above. We improved our talent cultivation systems, such as the "Stellar Program" and "Mentorship Program", significantly optimizing our talent structure and providing strong talent support for the sustainable development of the Group. In terms of industrial chain integration, we formed a complete industrial layout covering raw material procurement, smelting, deep processing and product sales. Upstream, we established stable cooperation with more than 100 suppliers, and downstream, we deepened our cooperation with key customers in fields such as new energy and semiconductors, further enhancing the risk resistance capacity and overall operational efficiency of our industrial chain.

Looking ahead to 2026, uncertainties in the global economic recovery will persist, but the long-term development trend of the tantalum and niobium industry remains positive. With the development of new technologies such as new energy, semiconductors, and high-end equipment manufacturing, the downstream application scenarios for tantalum and niobium will continue to expand, the space for import substitution of high-end products will be gradually released, and the domestic tantalum and niobium industry will embrace new development opportunities. The Group will closely monitor macroeconomic and industry policy trends, adhere to the bottom-line thinking of safety and environmental protection, and implement its development strategy across multiple dimensions with "improving quality and efficiency, extending the chain and strengthening the foundation" as its core. Firstly, the Group will fully leverage the production capacity advantages of the five major production bases, continuously optimize production processes and product structures, and ensure the steady operation of production and business. Secondly, to maintain stable supply, production and sales, the Group will anchor on market frontiers and strategic customers, further expand domestic and export markets, reasonably adjust procurement structures and rhythms. Thirdly, the Group will accelerate the construction of key projects such as the Leizhou base, continuously extend the industrial chain, expand the industrial scale, and enhance industry influence. Fourthly, we will persist in technological innovation, continue to increase research and development investment, focus on high-end product R&D and process improvement, and open up incremental and replacement market spaces with new products and new technologies. Fifthly, we will strengthen our upstream resource layout. The Group has locked in at least one-third of its raw material supply through long-term contract cooperation, stabilizing its existing raw material security foundation. At the same time, it will also focus on a global layout in tantalum and niobium mineral resource-rich regions such as Africa and Brazil, actively carry out the search for and investment in high-quality mineral sources, broaden raw material supply channels through diversified methods such as resource cooperation and project investment, construct a multi-level and stable raw material supply system, and secure the raw material requirements for the Group's production and operation from the source, further consolidating the upstream foundation of the industrial chain, and enhancing the Group's overall risk resistance capability and industry voice. Sixthly, we will strengthen internal management, tap into the potential for cost reduction, and improve incentive mechanisms, so as to ensure the completion of annual profit targets.

CHAIRMAN'S STATEMENT (CONTINUED)

We firmly believe that, as key rare metals supporting the real economy and technological innovation, market demand for tantalum and niobium will continue to grow. Leveraging the advantages in technology, production capacity, market and industrial chain accumulated over the years, coupled with its strategic layout of upstream resources, the Group will certainly seize industry development opportunities to achieve sustainable growth and further consolidate its competitive position in the global tantalum and niobium industry.

On behalf of the Board, I would like to express our sincere gratitude for the long-term trust and support from all of our Shareholders and investors, customers and business partners, and we are thankful for our management team and all of our staff for their hard work and valuable contributions. The Group will continue to uphold the philosophy of pragmatism and innovation, unite our efforts, and forge ahead with determination, unswervingly pursuing a path of high-quality development and striving to create better returns and maximum value for our Shareholders.

Wu Lijue

Chairman of the Board

Hong Kong, 26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Steadily advancing strategies to achieve high-quality growth

In 2025, the Group closely followed its strategic development goals and coordinated the advancement of various core tasks, including capacity construction, technological innovation, talent reserves, capital market communication, and long-term planning. Throughout the year, the Group maintained a steady and positive operating performance, continued to refine its industrial chain layout, and further consolidated its core competitive advantages. Breakthrough progress was achieved in both the hydrometallurgy and pyrometallurgy core process fields, further strengthening its leading position in the industry and laying a solid foundation for the Group's high-quality and sustainable development.

In terms of capacity construction and process upgrades, the Group advanced the optimization of its production base layout and the improvement of quality and expansion of capacity at full speed, and made every effort to tackle the construction of key projects. During the year, the construction of the Leizhou hydrometallurgical plant was efficiently advanced, steadily achieving the completion of the plant area, equipment commissioning, and preparatory work prior to the commencement of production and operation. Simultaneously, the CNNC base was promoted to achieve full production capacity and meet all standards. The hydrometallurgical production capacity of the two major bases was steadily released, and production efficiency continued to improve, further consolidating the Group's industry leadership position in the field of tantalum and niobium hydrometallurgical smelting. At the same time, the Group accelerated breakthroughs in the capacity layout of its pyrometallurgical processes, successfully established a high-standard specialized production line for capacitor-grade tantalum wire, and completed the large-scale and industrialized expansion of the capacitor-grade tantalum powder production line, fully opening up the large-scale production channels for the two core high-end products, and providing a solid capacity guarantee for achieving stable mass production and meeting the downstream high-end market demands for capacitor-grade tantalum powder and tantalum wire, while addressing the capacity shortfall in high-end products and promoting a more complete process layout for the Group.

In terms of technological innovation and industry-university-research collaboration, the Group has always regarded technological innovation as its core development engine and made every effort to build a platform to empower technological innovation. During the year, the first Technological Innovation Conference of Ximei Resources was successfully held, which comprehensively summarized the Group's technological research and development achievements and commended the professional and technical personnel who made outstanding contributions to the Group's technical breakthroughs and process optimization, further stimulating the innovative vitality of all employees and creating a favorable atmosphere that values technology and focuses on research and development. Meanwhile, the Group continued to increase its investment in research and development. Throughout the year, research and development investment was concentrated on core products and key technologies in the tantalum and niobium fields, with full commitment to advancing the research and development of new products and the iterative upgrading of processes. Relying on continuous research and development investment to overcome technical bottlenecks, the Group promoted the transformation of its product structure towards high-end and refined products, effectively driving industrial quality and efficiency enhancement through technological innovation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of industry-university-research collaborative innovation, the Group has deepened its university-enterprise cooperation and actively collaborated with top domestic universities to establish technical cooperation platforms. The Group has successively reached in-depth cooperation with renowned universities including Central South University and signed special cooperation agreements in fields such as core technologies in key fields of the industry and cutting-edge process research and development. This has bridged the gap between scientific research achievements of university and industrial applications, providing solid technical support and talent guarantee for the Group to overcome technical challenges and achieve independent control over core technologies.

In terms of talent team construction, the Group adheres to the strategy of talents to make enterprise strong. The Group persists in high-standard talent recruitment, having newly recruited 141 talents of various types throughout the year, of which nearly 60% held bachelor's degrees or above, continuously consolidating the foundation of its core technical and management talent. The talent development system has been fully implemented, with the "Stellar Program" systematically cultivating high-potential young cadres, supported by internal and external mentors, specialized training, and presidential guidance, ensuring the solid advancement of talent echelon construction. The "Mentorship Program" project strengthens the inheritance of skills. The management trainee program attracts outstanding fresh college students, with postgraduates accounting for over a quarter, enabling young talent to rapidly grow into the backbone of the business. The Group will continuously optimize the structure of the talent echelon, improve talent cultivation and incentive mechanisms, comprehensively cultivate and attract high-quality industry talents, thereby reserving sufficient backup forces for the long-term development of the Group and building a professional, young, and high-quality core talent team.

Investor relations management has steadily improved in quality. The Group has consistently adhered to the principles of openness, transparency, sincerity, and pragmatism, actively building efficient communication bridges with various types of investors. Throughout the year, the Group received over 200 person-times of visits and research from professional investors, institutional investors, and private equity investors, accompanying investors on on-site inspections of production plants to intuitively demonstrate the Group's production and operations, capacity layout, product quality, and industrial chain construction. The Group patiently answered questions of concern to investors, effectively enhancing the capital market's understanding and recognition of the Group and consolidating its good image in the capital market.

In addition, based on its long-term development layout, the Group has comprehensively and systematically summarized its development achievements, experiences, and insights during the "14th Five-Year Plan" period and objectively reviewed its development advantages and areas for improvement. At the same time, taking into account industry development trends and the Group's strategic positioning, the Group has scientifically formulated and finalized a detailed development plan for the "15th Five-Year Plan" period, clarifying the development goals, core tasks, and strategic paths for the next five years. This draws a clear blueprint for the Group's subsequent deep cultivation of the tantalum and niobium industry, promotion of its global layout, and achievement of sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Upgrading capacity to improve quality and efficiency, fortifying a solid foundation for development

In 2025, the Group focused on the core objective of “enhancing quality and efficiency”, continuously advancing capacity optimization and upgrades, achieving remarkable results in process standardization and technological transformation. Through a series of technological renovation projects such as the “automation upgrade for high-niobium drying and calcination”, “ultra-high-pressure membrane concentration”, and “key technology research on tantalum preparation in smelting”, the direct recovery rate of tantalum-niobium hydrometallurgy increased year-on-year. Unit consumption of products such as superconducting niobium ingots significantly decreased, and the comprehensive recovery rate of by-products reached a new high.

In terms of capacity expansion, production bases steadily progressed: the Company now operates five major production bases, clearly divided into three hydrometallurgical production bases and two pyrometallurgical production bases. Each base has well-defined capacity and a reasonable layout, as detailed below:

1. **Guangdong Leizhou Tantalum-Niobium Hydrometallurgical Product Production Base:** This base has a hydrometallurgical production capacity of 3,000 tons, with an expected output of 1,500 tons by the end of 2026 and a projected ramp-up to full capacity of 3,000 tons in 2027. Once fully operational, it will further consolidate the Group’s advantage in hydrometallurgical production capacity;
2. **Guangdong Yingde Tantalum-Niobium Hydrometallurgical Product Production Base:** This base has a hydrometallurgical production capacity of 2,000 tons. It achieved full-capacity operation in 2025, consistently and stably supplying hydrometallurgical tantalum-niobium products;
3. **Hunan Leiyang Tantalum-Niobium Hydrometallurgical Product Production Base:** This base has a hydrometallurgical production capacity of 1,000 tons. It also reached full production capacity in 2025, providing strong support to the Group’s overall hydrometallurgical output;
4. **Guangdong Yingde Tantalum Metal Pyrometallurgical Product Production Base:** This base has a pyrometallurgical production capacity of approximately 300 tons. It specializes in the deep processing of tantalum products, primarily producing tantalum powder and tantalum wire tailored to meet high-end downstream application requirements;
5. **Guizhou Xingyi Tantalum-Niobium Metal Pyrometallurgical Product Production Base:** This base has a pyrometallurgical production capacity of approximately 1,500 tons. It boasts a diverse product portfolio, primarily manufacturing various tantalum, niobium, and alloy ingots, melted tantalum/niobium, and niobium-based alloy blocks, thereby enriching the Group’s pyrometallurgical product matrix.

Alongside capacity expansion, the Group consistently adhered to the principle of green and sustainable development. By obtaining multiple system certifications and undergoing clean production audits, we continuously optimized our environmental management processes, striving for a synergistic development of both economic and social benefits.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Continued expansion in tantalum and niobium application scenarios, empowering development across multiple fields

As rare metals with exceptional physical and chemical properties, tantalum and niobium have seen their application scenarios deeply penetrate both general civilian sectors and high-tech fields, becoming key materials underpinning the real economy and technological innovation. The tantalum and niobium products manufactured by the Company are also widely used in the following areas:

(I) General civilian fields: underpinned by essential demand and stable market

In the general civilian sector, tantalum and niobium have become important basic materials for industries related to people's livelihood by virtue of their corrosion resistance, high temperature resistance and high strength, with stable and essential demand.

- **Consumer electronics:** Tantalum capacitors, offering advantages such as small size, high capacitance and high reliability, are widely used in power management modules of various electronic products like smartphones, laptops, and tablets. They are core components ensuring the stable operation of electronic devices. Niobium alloys, due to their strong toughness and good workability, are often used to manufacture electronic device casings and heat dissipation components, enhancing product durability and thermal efficiency. In 2025, with the iterative upgrades in the consumer electronics industry and the recovery of global market demand, the Group's shipments of related products have grown steadily.
- **Chemical industry and machinery manufacturing:** Tantalum's corrosion resistance rivals that of platinum. It is extensively used as a lining material for critical equipment such as chemical reactors, heat exchangers, and valves, adapting to harsh environments involving strong acids and alkalis. It finds wide application in industries like fertilizer production, pharmaceuticals, and petrochemicals. Niobium steel alloys can significantly enhance the strength, toughness and corrosion resistance of steel, commonly used in manufacturing bridges, building steel structures, and automotive parts, with strong demand in infrastructure projects and the automotive industry. Leveraging its consistent product quality, the Group has established long-term cooperative relationships with numerous domestic and international chemical enterprises and machinery manufacturers.
- **Medical devices:** Tantalum possesses excellent biocompatibility and does not trigger rejection reactions in the human body. It is used to manufacture artificial joints, orthopedic implants, dental restoration materials, etc., providing reliable material support for the healthcare sector. Niobium alloys also play a role in manufacturing precision components for medical equipment, ensuring the stability and safety of equipment operation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) High-tech sector: technology-driven with explosive demand

In the high-tech sector, the unique properties of tantalum and niobium have become key to overcoming technological bottlenecks. With the rapid development of industries such as new energy, semiconductors, and aerospace, market demand of tantalum and niobium has experienced explosive growth, making this sector a core growth driver for the Group.

- **Semiconductors and integrated circuits:** Ultra-high purity tantalum metal is a core raw material for manufacturing sputtering targets used in semiconductor chips. It is employed in the metallization process during chip production, directly influencing the chip's conductivity and stability. Niobium-based compounds are also used in semiconductor packaging materials and photoresist additives. In 2025, as the global semiconductor industry accelerates the localization of supply chains, the Group achieved volume supply of ultra-high purity tantalum metal, helping domestic chip companies overcome supply chain constraints.
- **New energy industry:** In the new energy vehicle sector, tantalum capacitors are used in vehicle electronic control systems and battery management systems (BMS), ensuring stable power output and battery safety. Lithium niobate crystals are key materials for manufacturing high-frequency filters in equipment such as new energy vehicle charging piles and photovoltaic inverters, improving energy conversion efficiency. In the energy storage field, tantalum-niobium alloys, known for their excellent high-temperature resistance and fatigue resistance, are used as electrode materials and structural components in energy storage batteries, extending equipment service life.
- **Aerospace and defense:** Tantalum-niobium alloys possess extremely high melting points (tantalum melts at 2,996°C, niobium at 2,468°C) and excellent high-temperature mechanical properties. They are core materials for manufacturing critical components such as aircraft engine turbine blades, combustion chambers and rocket thrusters, capable of withstanding extreme high-temperature and high-pressure environments. In spacecraft, tantalum-niobium materials are also used to produce key components for attitude control systems and communication equipment, ensuring stable operation in the space environment. The Group's high-purity tantalum and niobium metal materials have been successfully applied in multiple domestic aerospace projects.
- **Superconductivity and cutting-edge scientific research:** Niobium is a core element in the manufacture of superconducting materials. Superconducting materials such as niobium-titanium alloys and niobium-tin compounds are widely used in cutting-edge technological fields including magnetic resonance imaging (MRI) equipment, particle accelerators and controlled nuclear fusion devices. The Group's high RRR (Residual Resistivity Ratio) superconducting niobium ingots are continuously supplied to major national scientific projects, providing critical material support for our country's frontier scientific research endeavors.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Strengthening industrial chain integration to promote high-quality development

In 2025, the Group firmly implemented the “integration and scale” strategy, focusing on strengthening, supplementing and extending the tantalum-niobium industrial chain, thereby establishing a comprehensive industrial layout covering raw material procurement, smelting, deep processing and product sales. Upstream, the Group optimized its procurement structure and stabilized raw material supply by establishing cooperation with over 100 suppliers. In the midstream, through technological transformation and capacity upgrades, it enhanced product quality and production efficiency to meet application demands across various fields. Downstream, the Group deepened collaborations with key customers in sectors such as new energy, semiconductors, aerospace, chemicals and consumer electronics, expanding the application scenarios of its products.

The integration of the industrial chain not only strengthened the Group’s ability to withstand market risks but also improved overall operational efficiency and profitability. During the Year Under Review, the Group’s gross profit increased by 18.1% year-on-year to approximately RMB469 million. Although the gross profit margin slightly decreased by 0.9 percentage point to 20.9% due to product structure adjustments and market price fluctuations, it remained at a relatively high level within the industry. Looking ahead, the Group will continue to focus on the integration and upgrading of the industrial chain, accelerate the construction of key projects, expand industrial scale, and persistently innovate in tantalum-niobium application scenarios to further enhance its influence and competitiveness in the global tantalum-niobium industry.

FINANCIAL REVIEW

Revenue

The Group’s revenue comprised revenue generated from sales of goods and the provision of processing services. The following table sets forth our revenue by source for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB' 000	%	RMB'000	%
Tantalum and niobium hydrometallurgical compounds	584,423	26.0%	584,240	32.0%
Tantalum and niobium metal and its products	1,209,666	54.0%	841,055	46.2%
Trading goods, processing services and others	447,766	20.0%	396,754	21.8%
Total revenue	2,241,855	100.0%	1,822,049	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the years ended 31 December 2025 and 2024, our products sold included: (i) tantalum and niobium hydrometallurgical compounds; (ii) tantalum and niobium metal and its products; and (iii) trading goods, processing services and others. The Group's revenue increased by approximately RMB419.8 million or 23.0% from approximately RMB1,822.0 million for the year ended 31 December 2024 to approximately RMB2,241.9 million for the Year Under Review. The increase was mainly due to the Group's active expansion of market space, adjustment of product structure, and the full release of production capacity for metal, which led to a significant year-on-year increase in the sales volume of tantalum and niobium metal, particularly tantalum metal.

Tantalum and niobium hydrometallurgical compounds

For the Year Under Review, our revenue generated from the sale of compounds amounted to approximately RMB584.4 million, representing an increase of approximately RMB0.2 million from approximately RMB584.2 million for the year ended 31 December 2024.

Tantalum and niobium metal and its products

For the Year Under Review, our revenue from the sale of tantalum and niobium metal and its products increased by approximately RMB368.6 million or 43.8% from approximately RMB841.1 million for the year ended 31 December 2024 to approximately RMB1,209.7 million. The increase was mainly due to the significant increase in the output of pyrometallurgical projects and the surge in market demand for tantalum and niobium metal products, particularly tantalum metal products in downstream applications, which led to the increase in sales revenue during the Year Under Review.

Trading goods, processing services and others

The Group's trading goods, processing services and other businesses include selling trading goods, providing processing services and selling by-products. For the Year Under Review, our revenue from trading goods, processing services and others was approximately RMB447.8 million, an increase of approximately RMB51.0 million or 12.9% compared with approximately RMB396.8 million for the year ended 31 December 2024. The increase was mainly due to the increase in sales of trading goods of approximately RMB23.2 million in the Year Under Review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of Sales

Cost of sales represented the direct costs of production, which comprised raw materials costs, factory overheads, electricity and fuels costs, labour costs and processing fees in respect of our processed products. For the years ended 31 December 2025 and 2024, our cost of sales amounted to approximately RMB1,773.3 million and RMB1,425.3 million, respectively. The following table sets forth the breakdown of our cost of sales for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB' 000	%	RMB'000	%
Raw materials	1,280,490	72.2%	959,068	67.3%
Cost of trading goods	342,792	19.3%	308,579	21.6%
Factory overheads	59,603	3.4%	66,284	4.7%
Electricity and fuels	37,829	2.1%	43,484	3.1%
Labour (Note)	26,622	1.5%	23,296	1.6%
Processing fees	25,991	1.5%	24,566	1.7%
Total cost of sales	1,773,327	100.0%	1,425,277	100.0%

Note: Labour costs mainly included salaries and benefits for our production personnel.

Our raw materials costs mainly represented the cost for purchasing tantalum and niobium raw materials, and accounted for approximately 72.2% and 67.3% of our total cost of sales for the Year Under Review and the year ended 31 December 2024, respectively. Our cost of sales increased by approximately RMB348.1 million or 24.4% from approximately RMB1,425.3 million for the year ended 31 December 2024 to approximately RMB1,773.3 million for the Year Under Review. Such increase was mainly attributable to the increase in sales volume and increase in production scale of the Group during the Year Under Review, leading to an increase in manufacturing overhead.

Gross Profit and Gross Profit Margin

The Group's gross profit increased from approximately RMB396.8 million for the year ended 31 December 2024 to approximately RMB468.5 million for the Year Under Review, mainly driven by the increase in our revenue.

Our gross profit margin decreased from approximately 21.8% for the year ended 31 December 2024 to approximately 20.9% for the Year Under Review. Such decrease was mainly due to the changes in the product sales and customer structure of the Group and fluctuations in margins during the Year Under Review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Income and Gains, Net

The following table sets forth the breakdown of our other income and gains, net, for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	1,247	1,834
Government grants (Note)	17,019	18,287
	18,266	20,121
Gains, net		
Fair value gains on derivative financial instruments, net	1,881	687
Exchange gain	629	–
Gain from disposal of scrap materials, net	1,597	2,492
Others	920	788
	5,027	3,967
Total	23,293	24,088

Note: Government grants mainly represented (i) additional input value-added tax credit provided by relevant PRC local government authorities to two subsidiaries of the Group which are qualified as high and new technology enterprises; and (ii) subsidies received from the PRC local government authorities to support certain subsidiaries' research and development activities. There are no unfulfilled conditions or contingencies relating to such grants.

Our other income and gains, net, primarily comprised government subsidies, bank interest income and others. We received government grants from local government authorities for engaging in research and development activities, which vary from year to year.

Our other income and gains, net, was a gain amounting to approximately RMB23.3 million for the Year Under Review (2024: a gain of approximately RMB24.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily comprised distribution costs for transportation and packaging for delivery of products, salaries and benefits for personnel of our sales and procurement department, consultation fees, and travelling and entertainment expenses. The table below sets forth the breakdown of our selling and distribution expenses for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB' 000	%	RMB'000	%
Distribution costs	5,428	32.6%	4,112	26.0%
Staff costs	8,065	48.4%	6,933	43.8%
Consultation fees	665	4.0%	766	4.8%
Travelling and entertainment expenses	1,205	7.2%	1,060	6.7%
Office expenses	205	1.2%	371	2.3%
Others	1,104	6.6%	2,603	16.4%
Total selling and distribution expenses	16,672	100.0%	15,845	100.0%

The Group's selling and distribution expenses increased from approximately RMB15.8 million for the year ended 31 December 2024 to approximately RMB16.7 million for the Year Under Review. Such increase was mainly attributable to the increase in the sales scale of the Group, which led to an increase in distribution costs and staff costs of approximately RMB2.4 million.

Administrative Expenses

The Group's administrative expenses primarily comprised research and development expenses, staff costs of our administrative and management staff and legal advisory and professional fees. The table below sets forth the breakdown of our administrative expenses for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB' 000	%	RMB'000	%
Research and development expenses	92,808	46.8%	73,927	40.2%
Staff costs	52,395	26.4%	58,252	31.7%
Other tax expenses	4,591	2.3%	3,735	2.0%
Legal advisory and professional fees	5,178	2.6%	6,568	3.6%
Depreciation and amortisation	11,669	5.9%	8,101	4.4%
Travelling and entertainment expenses	3,417	1.7%	3,570	1.9%
Bank charges	801	0.4%	693	0.4%
Others (Note)	27,355	13.9%	28,955	15.8%
Total administrative expenses	198,214	100.0%	183,801	100.0%

Note: Others primarily comprised audit fees, insurance, office expenses, motor vehicle expenses, maintenance fee and handling charges.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's administrative expenses increased from approximately RMB183.8 million for the year ended 31 December 2024 to approximately RMB198.2 million for the Year Under Review. Such increase was mainly attributable to the increase in research and development expenses of approximately RMB18.9 million from approximately RMB73.9 million for the year ended 31 December 2024 to approximately RMB92.8 million for the Year Under Review. The increase in research and development expenses was mainly due to the Group's adaptation to market demand, active development of new tantalum and niobium products, and improvement of production technique and process, which led to an increase in expenses for research and development activities.

Finance Costs

Our finance costs mainly represented interest on interest-bearing bank borrowings. The following table sets forth the breakdown of our finance costs for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest on bank loans	19,517	16,004
Discount on bill discounting	5,760	6,914
Interest on lease liabilities	1,894	1,503
	27,171	24,421
Less: Interest capitalised in respect of construction in progress	(471)	–
Total net finance costs	26,700	24,421

Our finance costs for the Year Under Review and the year ended 31 December 2024 amounted to approximately RMB26.7 million and RMB24.4 million, respectively. Such increase was mainly due to the increase in bank borrowings during the Year Under Review, leading to an increase in finance costs on interest-bearing bank borrowings.

Income Tax Expense

Two subsidiaries in the Group was accredited as high and new technology enterprises (高新技術企業), which allows us to enjoy a lower applicable tax rate of 15%, as compared to 25% pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法). In addition, we enjoyed value-added tax refund at the rate of 13% for our export sales of eligible tantalum metal products.

Our income tax expense for the Year Under Review and the year ended 31 December 2024 amounted to approximately RMB32.6 million and RMB28.9 million, respectively. Our effective tax rate for the years ended 31 December 2025 and 31 December 2024 was 15.1% and 17.7%, respectively. The details are set out in Note 8 to financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Profit for the Year

As a result of the foregoing, we recorded profit for the year of approximately RMB183.3 million and RMB134.2 million for the Year Under Review and the year ended 31 December 2024, respectively, representing an increase of approximately RMB49.1 million or 36.6%. Our net profit margin was approximately 8.2% and 7.4% for the Year Under Review and the year ended 31 December 2024, respectively.

Profit for the Year Attributable to Owners of the Company

Profit for the year attributable to owners of the Company for the Year Under Review and the year ended 31 December 2024 amounted to approximately RMB171.6 million and RMB124.2 million, respectively, representing an increase of approximately RMB47.4 million or 38.2%.

DIVIDEND

The Board resolved to recommend the payment of a final dividend of HK6.58 cents per share (the “**Final Dividend**”) for the Year Under Review (2024: HK5.56 cents).

ANALYSIS OF MAJOR BALANCE SHEET ITEMS

Property, Plant and Equipment

Our property, plant and equipment comprised (i) buildings; (ii) plant and machinery; (iii) furniture and office equipment; (iv) motor vehicles; and (v) construction in progress.

The carrying amount of our property, plant and equipment increased by approximately RMB82.0 million from approximately RMB387.0 million as at 31 December 2024 to approximately RMB469.0 million as at 31 December 2025. Such increase was mainly driven by the commencement of equipment installation and commissioning at Leizhou base of the Group, and the increase in procurement of production facilities such as equipment, resulting in a significant increase in construction in progress.

Right-of-use Assets

As at 31 December 2025, the Group’s total right-of-use assets amounted to approximately RMB332.3 million (31 December 2024: approximately RMB68.1 million), including (i) leasehold land; (ii) leased factory building; (iii) leased plant and machinery; and (iv) leased offices. Our leasehold land, and leased plant and machinery are recognised pursuant to HKFRS 16. Our leasehold land represented the prepaid land lease payments in respect of our production facilities in Yingde, Guangdong Province, the PRC. Prepaid land lease payments increased from approximately RMB57.2 million as at 31 December 2024 to approximately RMB84.7 million as at 31 December 2025, and the leased factory building and machinery increased from RMB8.6 million as at 31 December 2024 to approximately RMB246.1 million as at 31 December 2025, mainly due to a new leasehold factory in Leizhou for starting up a new production line, which led to an increase in right-of-use assets of RMB238.4 million. Our leased offices decreased from approximately RMB2.3 million as at 31 December 2024 to approximately RMB1.5 million as at 31 December 2025, mainly due to the end of lease of our Guangdong office.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Inventories

Our inventories comprised raw materials, work in progress and finished goods. The following table sets forth the breakdown of our inventories as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Raw materials	441,588	251,302
Work in progress	340,492	268,051
Finished goods	264,990	225,155
Total inventories	1,047,070	744,508
Average inventories (Note 1)	895,789	713,260
Average inventories to revenue from sale of products (Note 2)	40.0%	40.2%

Notes:

- (1) Represents the average of inventories as at 31 December of the previous year and 31 December of the current year.
- (2) Represents the average of inventories divided by the revenue generated from sale of products for the relevant year.

The Group's inventories amounted to approximately RMB1,047.1 million and RMB744.5 million as at 31 December 2025 and 2024, respectively. Our average inventories increased from approximately RMB713.3 million as at 31 December 2024 to approximately RMB895.8 million as at 31 December 2025. Such increase was mainly due to the expansion of the Group's production scale, particularly the commencement of commissioning and installation of the Leizhou project, which resulted in an increase in the Group's raw material reserves. Our average inventories to revenue from sale of products were approximately 40.0% and 40.2% for the years ended 31 December 2025 and 2024, respectively.

The following table sets forth the average inventory turnover days for the years indicated:

	For the year ended 31 December	
	2025 (Days)	2024 (Days)
Average inventory turnover days (Note)	184.4	182.7

Note: Average inventory turnover days equal to average inventories divided by cost of sales for the year and multiplied by 365. Average inventories are calculated as inventories at the beginning of the year plus inventories at the end of the year, divided by two.

Our average inventory turnover days increased from 182.7 days for the year ended 31 December 2024 to 184.4 days for the Year Under Review. Such change was mainly due to a moderate increase in strategic inventory of stocks as the Group integrated its production capacity planning with market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Trade and Bills Receivables

Our trade and bills receivables primarily represented the credit sales of our products to be paid by customers and bank acceptance bills received from our customers during the Year Under Review. The following table sets forth the breakdown of our trade and bills receivables as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	470,645	287,210
Less: Impairment	(12,649)	(4,903)
Bills receivable	457,996	282,307
	128,241	123,915
Net carrying amount	586,237	406,222
Average trade and bills receivables (Note 1)	496,230	402,050
Average trade and bills receivables to total revenue (Note 2)	22.1%	22.1%

Notes:

- (1) Represents the average of trade and bills receivables as at 31 December of the previous year and 31 December of the current year.
- (2) Represents trade and bills receivables divided by total revenue for the relevant year.

Our trade and bills receivables increased from approximately RMB406.2 million as at 31 December 2024 to approximately RMB586.2 million as at 31 December 2025. Such increase was mainly due to the increase in revenue and changes in the structure of downstream customers resulting from the extension of the industrial chain of the Group.

We generally grant a credit term of one month, extending up to three months, to our customers. We seek to maintain strict control over our outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by our senior management.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following is an ageing analysis of trade and bills receivables as at balance sheet dates indicated, based on the invoice dates:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 30 days	313,596	211,100
31 days to 60 days	182,016	80,694
61 days to 90 days	38,254	62,617
Over 90 days	52,371	51,811
Total trade and bills receivables	586,237	406,222

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The expected credit loss for trade receivables as at 31 December 2025 and 2024 was approximately RMB12.6 million and RMB4.9 million, respectively. The following table sets forth the average turnover days of our trade and bills receivables for the years indicated:

	For the year ended 31 December	
	2025 (Days)	2024 (Days)
Average turnover days of trade and bills receivables (Note)	80.8	80.5

Note: Average turnover days of trade and bills receivables equal to average trade and bills receivables divided by revenue for the year and multiplied by 365. Average trade and bills receivables are calculated as trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year, divided by two.

Our average turnover days of trade and bills receivables increased from 80.5 days for the year ended 31 December 2024 to 80.8 days for the Year Under Review. The increase was mainly due to changes in the downstream customer structure, which led to a significant increase in the receivables during the Year Under Review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables mainly represented prepayments to our suppliers for purchasing raw materials, prepayments for purchasing our equipment and machinery and prepaid land lease payments for acquiring land use rights. We prepaid land lease payments prior to obtaining the relevant land use rights certificates and classified such prepayments to “right-of-use assets” when the land use rights certificate is granted. The following table sets forth a breakdown of our prepayments, deposits and other receivables as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments – Non-current	49,692	29,277
Deposits – Non-current	22,000	32,000
	71,692	61,277
Less: Impairment allowance	(11,000)	(11,000)
	60,692	50,277
Prepayments – Current	117,805	227,680
Other tax recoverable	22,937	14,250
Deposits and other receivables – Current	13,186	8,531
	153,928	250,460
Total prepayments, deposits and other receivables	214,620	300,737

Our prepayments, deposits and other receivables decreased from approximately RMB300.7 million as at 31 December 2024 to approximately RMB214.6 million as at 31 December 2025, mainly driven by the decrease in prepaid purchase amount.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Trade and Bills Payables

Our trade and bills payables increased from approximately RMB62.3 million as at 31 December 2024 to approximately RMB135.2 million as at 31 December 2025, mainly due to the increase in the purchase of raw materials from the suppliers during the year. The following is an ageing analysis of trade and bills payables, based on the invoice dates, as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 30 days	108,604	27,323
31 days to 60 days	14,951	24,011
61 days to 90 days	411	764
Over 90 days	11,252	10,168
Total trade and bills payables	135,218	62,266

Our trade and bills payables were non-interest-bearing and normally settled with terms of 40 days. The following table sets forth the average turnover days of our trade and bills payables for the years indicated:

	For the year ended 31 December	
	2025 (Days)	2024 (Days)
Average turnover days of trade and bills payables (Note)	20.3	14.9

Note: Average turnover days of trade and bills payables equal to average trade and bills payables divided by cost of sales for the year and multiplied by 365. Average trade and bills payables are calculated as trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year, divided by two.

Our average turnover days of trade and bills payables increased from approximately 14.9 days for the year ended 31 December 2024 to 20.3 days for the Year Under Review, mainly due to the increase in purchase volume for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Provision, Other payables and Accruals

Our provision, other payables and accruals comprised accruals, deferred income, contract liabilities, provision and other payables. Our accruals mainly represented accrued staff costs and accrued listing expenses. Our contract liabilities mainly represented short-term advances received to deliver goods. Our deferred income mainly represented government grants received from the PRC local government authorities in relation to our research and development activities and acquisition of property, plant and equipment. Our provision represented the provision for contribution to a suspended factory as the original agreement is no longer executed in 2025. The following table sets forth a breakdown of our provision, other payables and accruals as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Accruals	46,956	40,973
Deferred income	12,280	8,886
Contract liabilities	22,619	50,290
Provision	16,500	–
Other tax payables	688	1,247
Other payables	19,757	11,726
Total provision, other payables and accruals	118,800	113,122

Our provision, other payables and accruals increased from approximately RMB113.1 million as at 31 December 2024 to approximately RMB118.8 million as at 31 December 2025. Such increase was mainly driven by the increase in accruals in salary paid to staff.

Bank Borrowings

Bank borrowings were the principal component of our total liabilities, accounting for approximately 63.5% and 71.2% of our total liabilities as at 31 December 2025 and 31 December 2024, respectively. The following table sets forth the breakdown of our bank borrowings by current and non-current classification as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current	196,833	129,100
Current	806,125	470,249
Total bank borrowings	1,002,958	599,349

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Year Under Review, our bank borrowings comprised secured and unsecured bank borrowings. The following table sets forth the breakdown of our bank borrowings by secured and unsecured classification as at balance sheet dates indicated:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Secured	151,730	80,095
Unsecured	851,228	519,254
Total bank borrowings	1,002,958	599,349

As at 31 December 2025, our bank borrowings were secured by the pledge of certain of the Group's leasehold land, and property, plant and equipment with net carrying amounts of approximately RMB57.2 million (31 December 2024: approximately RMB48.4 million) and RMB85.2 million (31 December 2024: approximately RMB91.8 million), respectively.

Our total bank borrowings increased from approximately RMB599.3 million as at 31 December 2024 to approximately RMB1,003.0 million as at 31 December 2025. Such increase was mainly due to the increase in raw material inventories driven by the release of production capacity, the expansion of liquidity requirements, and the significant increase in special equipment loans for the Leizhou base.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

During the Year Under Review, we financed our operations by cash generated from operating activities and bank borrowings. As at 31 December 2025, we had cash and cash equivalents of approximately RMB431.5 million (31 December 2024: approximately RMB182.0 million). In the future, we intend to finance our operations by cash generated from operating activities and bank borrowings.

We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting a viable business scale and future plans.

Taking into account the financial resources available to us, including our existing cash and cash equivalents, availability of bank facilities and cash flows from our operations, our Directors are of the view that, after due and careful inquiry, we have sufficient working capital for at least the next 12 months commencing from the date of this annual report.

CAPITAL STRUCTURE

Indebtedness

The total indebtedness of the Group as at 31 December 2025 was approximately RMB1,268.3 million, representing certain movements from approximately RMB607.3 million as at 31 December 2024. During the Year Under Review, the Group did not experience any difficulties in renewing its banking facilities with its lenders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gearing Ratio

As at 31 December 2025, the Group's gearing ratio was approximately 24.4% (31 December 2024: approximately 26.7%), calculated as the total bank borrowings excluding discounted bills, less cash and cash equivalents, divided by total equity as at the end of the relevant year and multiplied by 100%. The change was mainly due to movements in the Group's financing scale and closing balance of cash on hand during the Year Under Review.

Pledge of Assets

As at 31 December 2025, our bank borrowings and bills payable were secured by the pledge of certain of the Group's leasehold land, property, plant and equipment and bank deposits with net carrying amounts of approximately RMB57.2 million (31 December 2024: approximately RMB48.4 million), RMB85.2 million (31 December 2024: approximately RMB91.8 million) and of RMB96.4 million (31 December 2024: Nil), respectively.

Capital Expenditures

Our capital expenditures comprised expenditures for purchases of property, plant and equipment. Our capital expenditures amounted to approximately RMB129.6 million and RMB21.3 million for the Year Under Review and the year ended 31 December 2024, respectively.

Our current plan with respect to future capital expenditures is subject to changes based on the evolution of our business plan, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditures.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2025, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings (31 December 2024: Nil).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments of approximately RMB160.4 million in respect of plant and equipment and additional investment in an associate, representing certain movements from approximately RMB37.7 million as at 31 December 2024.

SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of metallurgical products and provision of processing services to customers. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL ACQUISITION AND DISPOSAL BY THE GROUP

During the Year Under Review, the Group had not made any material acquisition or disposal.

SIGNIFICANT INVESTMENTS

The Company had not held any significant investments during the Year Under Review.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Company completed placing of new ordinary shares under general mandate on 30 September 2025 (“**Placing**”). An aggregate of 20,000,000 placing shares, representing (i) approximately 5.56% of the total number of issued shares immediately before completion; and (ii) approximately 5.26% of the total number of issued shares as enlarged by the allotment and issue of the placing shares, have been successfully placed to not less than six placees (individuals, corporates, institutional investors or other investors procured and selected by the placing agent to subscribe for any placing shares pursuant to its obligations under the placing agreement) at the placing price of HK\$5.0 per placing share pursuant to the terms of the placing agreement. The aggregate nominal value of the placing shares is HK\$200,000. The closing price of the shares of the Company on the date on which the terms of the placing agreement were fixed was HK\$5.90 per share.

Use of proceeds from placing of new shares under general mandate

The gross proceeds from the Placing are approximately HK\$100 million and the net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, professional fees and other related expenses), are approximately HK\$98.5 million, representing a net issue price of approximately HK\$4.93 per Placing Share. As at 31 December 2025, the Group had used net proceeds of approximately HK\$43.9 million. The following table illustrates the status of the use of net proceeds according to the intentions previously disclosed by the Company in the announcement and supplemental announcement dated 19 September 2025 and 25 September 2025 respectively as at 31 December 2025:

	Planned use of proceeds	Unutilised amount as at 1 January 2025	Actual utilised amount during the Year	Actual utilised amount as at 31 December 2025	Unutilised amount as at 31 December 2025	Expected time to completely utilise the proceeds
	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
(i) Procurement of raw materials	60.0%	59.1	N/A	43.2	15.9	On or before 31 December 2026
(ii) Daily operational expenses (Note)	40.0%	39.4	N/A	0.7	38.7	On or before 31 December 2026
	100.0%	98.5	-	43.9	54.6	

Note: Daily operational expenses mainly included Directors’ remuneration, secretarial fees and other consultation fees.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 12 March 2020. Net proceeds from the placing of the shares were approximately RMB92.7 million (equivalent to approximately HK\$105.5 million), after deduction of the underwriting commission and relevant expenses. As at 31 December 2025, the Group had used all net proceeds as planned of approximately RMB92.7 million. The following table illustrates the status of the use of net proceeds according to the intentions previously disclosed by the Company as stated in the section headed “Future Plans and Use of Proceeds” in the Prospectus as at 31 December 2025, the annual report of the Company for the year ended 31 December 2024 and the interim results announcement of the Company for the six months ended 30 June 2025 respectively:

		Planned use of proceeds as disclosed in the Prospectus (RMB million)	Amount of net proceeds brought forward as at 1 January 2025 (RMB million)	Actual utilised amount during the Year Under Review (RMB million)	Actual utilised amount as at 31 December 2025 (RMB million)	Unutilised amount as at 31 December 2025 (RMB million)
	%					
Construction of new production facilities to produce tantalum powder and bars	28.9%	26.8	–	–	26.8	–
Acquisition and installing of machinery and equipment to produce tantalum powder and bars	36.0%	33.4	–	–	33.4	–
Other expense for setting up the new production facilities	3.9%	3.6	–	–	3.6	–
Financing five research and development projects	17.9%	16.6	–	–	16.6	–
Strengthening the sales network in Europe and sourcing channels in Brazil	3.5%	3.2	1.8	1.8	3.2	–
General working capital	9.8%	9.1	–	–	9.1	–
Total	100.0%	92.7	1.8	1.8	92.7	–

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2025. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

FUTURE OUTLOOK

In 2026, the Group will launch a number of core reforms and development initiatives to align with industry trends and its own strategic plans. It will comprehensively optimize its management structure, unleash its production capacity potential, seize market opportunities, and make every effort to improve the quality and efficiency of its operating results, thereby further consolidating and enhancing its core position in the global tantalum and niobium industry.

The Group will take the lead in optimizing its management team structure to comprehensively strengthen the decision-making and execution capabilities of its senior management. Three new vice presidents will be appointed to lead and coordinate key areas, including breakthroughs in scientific research and innovation, construction of major projects, operation of production bases, and procurement of core raw materials. This will further refine management powers and responsibilities, enhance cross-departmental collaboration, and provide a solid management foundation for the efficient implementation of the Group's various key tasks, steering overall operations towards greater sophistication and specialization.

In terms of production capacity layout, the Group closely follows the demand of the downstream high-end market and firmly advances its expansion plan for high-end application products. For capacitor-grade tantalum powder, which is widely used in various downstream industries, the Group is steadily expanding its production capacity based on growing customer orders and a consensus on long-term cooperation to fully secure the supply for core customers. Meanwhile, for its full range of high-end products, including tantalum powder, tantalum wire, high-purity tantalum ingots, superconducting niobium ingots, and 5N niobium oxide, the Group will increase its promotion in domestic and overseas markets once the new production capacity is fully released, and precisely align with downstream demand to maximize the market sales and market share of these high-end products.

From an industry market perspective, the global tantalum and niobium industry is experiencing continued optimization in 2026. Driven by tight supply from core global mineral sources and robust demand from downstream emerging industries, tantalum ore prices have hit a record high, and the industry continues to gain momentum. Meanwhile, the continued expansion of downstream high-end application areas such as the AI industry and new energy is further unlocking market demand for key strategic materials like tantalum and niobium, bringing rare market development opportunities to the Group.

In light of the favorable industry trends, the Group will accurately seize market opportunities, focus its full efforts on core downstream markets, strive to expand its high-quality customer base, accelerate its entry into the supply chain systems of mainstream customers in fields such as AI and new energy, and deeply align with high-end market demand. At the same time, the Group will fully leverage the advantage of its raw material "reservoir" built through long-term planning to steadily navigate raw material price fluctuations and supply tightness. By efficiently coordinating the entire chain of raw material reserves, production and processing, and market sales, the Group will make every effort to capture industry dividends, effectively translating market opportunities into tangible operating benefits and driving the Group's leapfrog development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

HUMAN RESOURCES AND TRAINING

We believe that our long-term growth depends on the expertise and experience of our employees. We primarily recruit our personnel through campus recruiting, career fairs, recruitment websites and internal recommendation to maintain the talent pool underpinning our sustainability. We provide regular training programs to our employees, including, among others, introductory training, safety training, professional skills training and management training, to enhance their professional attainments and career development capacity. As at 31 December 2025, the Group had a total of 714 employees (2024: 632 employees). Total staff cost for the Year Under Review amounted to approximately RMB121.0 million (2024: approximately RMB110.9 million).

The salaries of our employees depend mainly on their positions, nature of work, results of their annual performance evaluation and market competitiveness. The Group makes constant efforts to improve the remuneration and benefit system, so as to enhance employee satisfaction and the incentive mechanism. For employees of our PRC subsidiaries, we made contributions to social insurance funds, including pension, medical, unemployment, maternity and occupational injury insurance, and housing provident funds for our employees in strict compliance with applicable PRC laws and regulations. We have also established a labour union to proactively protect our employees' rights and interests, promote the balance of labour relations, and encourage employees to participate in corporate management and decision-making processes, thereby facilitating the sustainable development of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS

Executive Directors

Mr. Wu Lijue (吳理覺), aged 62, is the founder and controlling shareholder of our Group, the chairman of our Board, an executive Director, the chairman of the nomination committee of the Board and our chief executive officer. He was appointed as a Director on 26 May 2017, and is currently responsible for our Group's strategic planning and overall operation, and management of our Board. Mr. Wu has over 40 years of experience in the tantalum and niobium metallurgy industry. Mr. Wu is currently also the director of certain companies in which the Group has share interests, including certain subsidiary companies of the Company.

Mr. Wu obtained his bachelor's degree in powder metallurgy from Central South University (中南大學) in 1984, obtained his EMBA degree from the School of Management of Sun Yat-sen University (中山大學) in 2011, and is a senior engineer. Mr. Wu is also the vice president of the Tantalum and Niobium Division of the China Nonferrous Metals Industry Association, the vice president of the Qingyuan Metal Industry Chamber of Commerce* (清遠市金屬行業商會), an outstanding entrepreneur of Guangdong Province, the 5th Session of Outstanding Constructor of Socialism with Chinese Characteristics among Non-public Economic Personnel of Guangdong Province, the executive committee member of the 8th Executive Committee of the Qingyuan Federation of Industry and Commerce, and the vice chairman of the Qingyuan Federation of Industry and Commerce, and has won many awards such as an outstanding individual for "Poverty Alleviation".

As at the date of this report, Mr. Wu was interested in 205,000,000 shares of the Company, representing 53.95% of total issued shares of the Company, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Cap 571 of the Laws of Hong Kong), all of which were held by Jiawei Resources Holding Limited ("Jiawei Resources Seychelles"), which was wholly owned by Mr. Wu. Mr. Wu is the uncle of Ms. Wu Shuangzhu, the assistant to the president and director of the human resources department of our Group.

Mr. Mao Zili (毛自力), aged 61, has joined the Group since May 2022. Mr. Mao was appointed as an executive Director on 2 September 2022. He is also a director of certain subsidiary companies of the Company. Mr. Mao obtained his doctoral degree in science at the Institute of Physics, Chinese Academy of Sciences* (中國科學院物理研究所) in 1992. Between 1996 and 2000, he was a post-doctoral fellow at the Institute of Optics, Technical University of Berlin*, during which he was awarded the Humboldt Research Fellowship*, a world-renowned scholarship for international post-doctoral students in Germany. In 1993, he was hired as an associate professor of Beihang University (北京航空航天大學) and the deputy director of the optical information laboratory in Beihang University (北京航空航天大學光信息研究室). Mr. Mao has over 22 years of experience in investment and management. Prior to joining the Group, in 2003, he joined the Macrolink Group (新華聯集團), which was one of the "Top 500 Enterprises of China" (中國企業500強) and served at various positions within the Macrolink Group including the positions as the strategic investment director of Macrolink Group, a director of Macrolink Group, the senior assistant president of Macrolink Group, the general manager of Macrolink Mining Co., Ltd.* (新華聯礦業有限公司), and the general manager of Beijing Macrolink Industrial Investment Co., Ltd.* (北京新華聯產業投資有限公司).

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

Ms. Huang Jieli (黃潔莉), aged 47, joined the Group in December 2022 as a vice president of the Group and was appointed as an executive Director and a member of the remuneration committee in March 2024. She is mainly responsible for business management of our Company. Ms. Huang has nearly 20 years of experience in marketing, international account development, supply chain management and corporate management. Prior to joining the Group, Ms. Huang served as the vice president and director of the international business department of Guangdong Jiana Energy Technology Co., Ltd.* (廣東佳納能源科技有限公司). Ms. Huang graduated from Guangdong University of Foreign Studies* (廣東外語外貿大學) majoring in English, and once served as the vice secretary of the Cobalt Branch and Tantalum & Niobium Branch of the China Non-ferrous Metals Industry Association. She has been a member of the 66th Executive Committee of the Tantalum & Niobium International Study Center (T.I.C.) since September 2025.

Non-executive Director

Mr. Liao Longlong (廖龍龍), aged 33, graduated from East China University of Science and Technology (華東理工大學) in 2013 majoring in applied chemistry, and obtained an MBA degree from Shanghai University of Finance and Economics (上海財經大學) in 2019. From 2013 to 2017, he worked as a research and development assistant engineer at BASF Polyurethane Specialty Products (China) Co., Ltd.* (巴斯夫聚氨基酯特種產品(中國)有限公司). In 2019, he joined Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司) (“Ganfeng Lithium”), a joint stock company established in the People’s Republic of China with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 002460) and the H shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 1772), serving successively as specialist and manager in the strategic investment department. Since March 2022, he has been the head of the domestic investment department at Ganfeng Lithium. Mr. Liao was appointed as a non-executive Director with effect from 27 March 2026.

Independent Non-executive Directors

Mr. Lau Kwok Fai Patrick (劉國輝), HKICPA, FCCA, aged 53, was appointed as an independent non-executive Director on 19 February 2020. He is the chairman of the audit committee of the Board, and a member of each of the remuneration committee and the nomination committee of the Board respectively. Mr. Lau obtained an honours diploma in accounting from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1996. He later obtained a master’s degree in Corporate Governance and Directorship (Distinction) from Hong Kong Baptist University in November 2014. He also obtained his HKICPA Diploma in Insolvency awarded by the Hong Kong Institute of Certified Public Accountants in June 2004. Mr. Lau has been a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants since December 2007 and July 2003, respectively. He has also been a member of Beta Gamma Sigma Hong Kong Baptist University Chapter since April 2014.

Mr. Lau has over 22 years of experience in the fields of accounting, auditing, financial advisory and corporate governance. He served a senior management position in many companies which were listed on the Main Board of the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

Mr. Lau was an independent non-executive director of Jinhai Medical Technology Limited (formerly known as Jinhai International Group Holdings Limited and Kakiko Group Limited) (stock code: 2225), Sundy Service Group Co. Ltd. (stock code: 9608) and FDB Holdings Limited (formerly known as Steering Holdings Limited) (stock code: 1826), the shares of the above three companies being listed on the Main Board of the Stock Exchange, from 26 September 2017 to 1 July 2020, 17 December 2020 to 4 January 2024 and 12 January 2018 to 10 January 2025, respectively. He is currently an independent non-executive director of Zhongtian Construction (Hunan) Group Limited (stock code: 2433) and Numans Health Food Holdings Company Limited (stock code: 2530) since 10 March 2023 and 5 December 2024, respectively, the shares of both companies being listed on the Main Board of the Stock Exchange.

Mr. Zhong Hui (鐘暉), aged 58, was appointed as an independent non-executive Director on 19 February 2020. He is the chairman of the remuneration committee of the Board, and a member of each of the audit committee and the nomination committee of the Board respectively. Mr. Zhong graduated from Central South University (中南大學) with a bachelor's degree in June 1988 and a master's degree in non-ferrous metallurgy in May 1991. He graduated from Nagoya University of Japan (日本國立名古屋大學) with a doctor's degree in materials science and engineering in March 1995.

Mr. Zhong has over 22 years of experience in the research and development of the non-ferrous metal industry. Mr. Zhong currently serves as a professor at the College of Metallurgy and Environment, Central South University (中南大學冶金與環境學院).

Ms. Shi Ying (石瑛), aged 62, graduated from Xi'an Jiaotong University (西安交通大學) in 1984 majoring in metal materials and heat treatment (金屬材料與熱處理專業), and obtained a master's degree in business administration from Renmin University of China (中國人民大學) in 2000. She successively served as a senior engineer in the Alloy Processing Technology Research Laboratory of Beijing Nonferrous Metal Research Institute (北京有色金屬研究總院合金加工工藝研究室), a senior engineer and deputy director in the Scientific Research Department of Beijing Nonferrous Metal Research Institute (北京有色金屬研究總院科研處), an assistant to the general manager of Youyan Semiconductor Materials Co., Ltd. (有研半導體材料股份有限公司) and an assistant to the general manager of Youyan New Materials Co., Ltd. (有研新材料股份有限公司).

Ms. Shi has been the secretary-general of the Integrated Circuit Materials Industry Technology Innovative Alliance (集成電路材料產業技術創新戰略聯盟) since 2013, an independent director of JCET Group Co., Ltd. (江蘇長電科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600584) from May 2019 to May 2025, an independent director of Tianshui Huatian Technology Co., Ltd. (天水華天科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002185) from May 2019 to April 2025, and an independent director of Hebei Sinopack Electronic Technology Co., Ltd. (河北中瓷電子科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 003031) from March 2019 to July 2025. She served as a director of Shanghai Qianghua Industrial Corp. (上海強華實業股份有限公司) from June 2021 to June 2024. She has served as an independent director of Jiangsu Xinhua Semiconductor Technology Co., Ltd. (江蘇鑫華半導體科技股份有限公司) since March 2022. She has served as an independent director of Wuxi Disi Microelectronics Co., Ltd. (無錫迪思微電子股份有限公司) since June 2025. She has served as an independent director of Jiangsu Nata Opto-electronic Material Co., Ltd. (江蘇南大光電材料股份有限公司) since November 2025. Ms. Shi Ying was appointed as an independent non-executive Director and a member of the audit committee of the Board of the Company with effect from 25 March 2024, and Ms. Shi was appointed as a member of nomination committee of the Board with effect from 27 June 2025.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

SENIOR MANAGEMENT

Mr. Lan Weifeng (蘭瑋鋒), aged 51, has served as a vice president of the Group since January 2026, responsible for the Group's production management, technical transformation and domestic project construction, and in charge of production, quality, lean production and human resources. Mr. Lan joined the Group in November 2020 and previously served as the general manager of Ximei Resources (Guizhou) Technology Limited* (稀美資源(貴州)科技有限公司). Prior to joining the Group, Mr. Lan had nearly 30 years of experience in the non-ferrous metallurgy industry and had held senior management positions in several core enterprises under Zhongse Oriental Group* (中色東方集團), Ningxia Orient Tantalum Industry (東方鈿業), and Jiangxi Tungsten Holding Group* (江鎢控股集團). Mr. Lan graduated from Southern Institute of Metallurgy (南方冶金學院), majoring in Non-ferrous Metallurgy, with a bachelor's degree. He is a Senior Engineer, holds a Safety Production Management Qualification Certificate and has received multiple provincial honors as an excellent entrepreneur and industry talent.

Mr. Fan Jinchao (樊錦超), aged 42, joined the Group in 2024 and has served as a vice president of the Group since January 2026. He previously served as assistant to the president and director of the Strategic Innovation Center. Prior to joining the Group, Mr. Fan served as the head of the securities department of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鈿業股份有限公司), and held various senior management positions at Ningxia Orient Tantalum Industry (東方鈿業) and Ningxia Non-ferrous Metals Import and Export Co., Ltd. (寧夏有色金屬進出口有限公司) from 2006 to 2023. Mr. Fan is a senior economist and holds a bachelor of arts degree from Xi'an International Studies University (西安外國語大學) and a master of management degree from Southwestern University of Finance and Economics (西南財經大學). He has nearly twenty years of professional experience in fields such as tantalum-niobium metal marketing, strategic customer development, international business negotiation and corporate strategic planning.

Mr. Zhang Dong (張東), aged 49, joined the Group in October 2021 and is currently a vice president, responsible for the Company's raw material procurement, overseas mineral resource and project development. Mr. Zhang graduated from Anhui University of Science and Technology in China and Eastern Oregon University in the United States, obtaining dual bachelor's degrees in science and arts, respectively. He has over 23 years of extensive experience in metal mineral trading, overseas mining development, and international arbitration relating to commodity trading. Prior to joining the Company, Mr. Zhang held senior management positions in the bulk commodity supply chain sector at two Hong Kong main board listed companies and one Shanghai listed company.

COMPANY SECRETARY

Mr. Chang Eric Jackson (張世澤), aged 45, was appointed as the company secretary and an authorised representative of the Company on 31 May 2024. Mr. Chang had over 23 years of experience in accounting, auditing, financial management and corporate governance. Before joining the Company, Mr. Chang has worked for several companies listed in Hong Kong for over 12 years and once served as senior manager at international audit firms. Mr. Chang is a certified public accountant in Hong Kong.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and adopted various measures to enhance the internal control system, the Directors’ continuous professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its Shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

During the Year Under Review, the Company has complied with the code provisions, other than code provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Wu Lijue is our chairman and also the chief executive officer of our Company and he has been managing our Group’s business and supervising the overall operations of our Group since its establishment. Having considered (i) the nature and extent of our Group’s operations; (ii) Mr. Wu’s in-depth knowledge and experience in the tantalum and niobium metallurgy industry and familiarity with the operations of our Group which is beneficial to the management and business development of our Group; and (iii) all major decisions are made in consultation with members of our Board and relevant Board committees, which consist of three independent non-executive Directors offering independent perspectives, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between our Board and the management of our Company and that it is in the best interest of our Group to have Mr. Wu taking up both roles. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors. Specific enquiries have been made to all Directors regarding Directors’ securities transactions during the Year Under Review and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Year Under Review.

BOARD OF DIRECTORS

The Board is the core of the Company's corporate governance framework and its role is clearly separated from that of senior management. The Board is responsible for providing guidance for senior management and maintaining effective supervision over senior management.

The Board comprised a total of seven Directors, being three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Wu Lijue, Mr. Mao Zili, and Ms. Huang Jieli served as executive Directors, Mr. Liao Longlong served as non-executive Director (appointed on 27 March 2026) and Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Ms. Shi Ying served as independent non-executive Directors. These independent non-executive Directors, who have different business and professional backgrounds, have brought valuable experience and expertise for the best interests of the Group and its Shareholders. One of the independent non-executive Directors is a qualified accountant who has appropriate professional qualifications or accounting or related financial management expertise.

Mr. Liao Longlong has confirmed that he has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 25 March 2026 and understands his obligations as a director of a listed issuer under the Listing Rules.

There is no financial, business, family or other material/relevant relationship amongst Directors and senior management members.

Biographical details of and the relationship between the Directors are set out in the section headed "Directors' and Senior Management's Biographies" of this report.

Each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under the Listing Rules.

Throughout the Year Under Review and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) and 3.10A of the Listing Rules and has appointed three independent non-executive Directors, representing more than one-third of the number of Directors at the Board, with at least one independent non-executive Director possessing the appropriate professional qualifications, or accounting or related financial management expertise.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to article 83(3) of the articles of association of the Company (the “**Articles of Association**”), the Board shall have power to appoint a Director whose appointment shall only be until the first annual general meeting after his/her appointment but then be eligible for re-election. Besides, pursuant to article 84(1) of the Articles of Association, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Further, pursuant to article 84(2) of the Articles of Association, any Director appointed by the Board pursuant to article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Ms. Huang Jieli, Mr. Liao Longlong and Mr. Zhong Hui shall retire at the forthcoming annual general meeting. The retiring Directors, all being eligible, offer themselves for re-election.

RESPONSIBILITIES OF THE BOARD

All Directors (including the independent non-executive Directors) have acquired a proper understanding of the Company’s operation and business and are fully aware of his/her functions and responsibilities under statute and common law, the Listing Rules and other applicable legal and regulatory requirements. Every Director has given the Company the details on the number and nature of offices held in other companies and significant commitments at the time of his/her appointment.

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board focuses on formulating the Group’s overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management’s performance of the Group; and setting the Group’s values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to management, all Directors continue to give sufficient time and attention to the Company’s affairs. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code, and determining the policy for the corporate governance of the Company.

APPOINTMENT AND RE-ELECTION OF EXECUTIVE DIRECTOR

Mr. Wu Lijue, an executive Director, was appointed for an initial term of three years commenced from 19 February 2020 with his term of service automatically extended by one year upon expiry of his initial term, unless terminated by not less than three months’ notice in writing served by either party to the other prior to the expiry of the initial term. His service contract was renewed on 19 February 2024 for a term of three years until terminated according to the terms of his service contract and he is subject to retirement by rotation and re-election in accordance with the Articles of Association.

APPOINTMENT AND RE-ELECTION OF NON-EXECUTIVE DIRECTOR

Ms. Ouyang Ming was appointed as a non-executive Director for an initial term of three years commenced from 2 September 2022 and was subject to retirement by rotation and re-election in accordance with the Articles of Association. She resigned as a non-executive Director on 26 December 2025.

Mr. Liao Longlong, a non-executive Director, was appointed for an initial term of three years commenced from 27 March 2026 and is subject to retirement by rotation and re-election in accordance with the Articles of Association.

APPOINTMENT AND RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles of Association. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence and must provide an annual confirmation of his independence to the Company. Specific enquiry has been made to each of the independent non-executive Directors to confirm their independence under the Listing Rules, and each of them confirms that he/she is independent and there has been no circumstances which would render him/her not to be independent as contemplated under the Listing Rules. In addition, the Board is committed to reviewing and assessing the Directors' independence annually in order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, for example, by reviewing the proportion of independent non-executive Directors on the Board and the Board committees, regularly evaluating the independence of all non-executive Directors, striving to ensure that all Directors have equal opportunities and channels to communicate and express their independent views and opinions to the Board and the Board committees. Up to the date of this report, no independent non-executive Director has served the Company for more than 9 years.

(i) Mr. Lau Kwok Fai Patrick and Mr. Zhong Hui; and (ii) Ms. Shi Ying were appointed for an initial term of two years commenced from (i) 19 February 2020; or (ii) 25 March 2024 respectively renewable automatically for a term of one year commencing from the next day after the expiry of the initial term of appointment, and can be terminated by not less than one month's notice in writing served by our independent non-executive Directors or our Company after the end of the initial term. The service agreements of Mr. Lau Kwok Fai Patrick and Mr. Zhong Hui were renewed on 19 February 2026, and the service agreements of Ms. Shi Ying was renewed on 25 March 2026, for a term of one year until terminated according to the terms contained therein.

BOARD COMMITTEES

We have established the following three committees: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with their terms of reference established by our Board.

Audit Committee

We established an audit committee on 19 February 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules.

Our audit committee comprised three members, namely Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Ms. Shi Ying, all of whom are our independent non-executive Directors. Mr. Lau Kwok Fai Patrick, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the audit committee.

The primary responsibilities of our audit committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (iii) developing and reviewing our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year Under Review, the audit committee had held two meetings. The attendance records of committee members at these meetings are set out in the section headed “Board Proceedings and Individual Attendance” of this report. The audit committee has, together with the management of the Company and external independent auditor, reviewed the consolidated financial statements for the year ended 31 December 2024 and accounting principles and practices adopted for the Group, and together with the management of the Company, reviewed the unaudited financial statements for the six months ended 30 June 2025, as well as the risk management and internal control systems of the Group and the effectiveness of the Group’s internal audit functions for the Year Under Review, and agreed with the accounting treatments adopted by the Group, and was of the opinion that the preparation of the financial statements in this annual report complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

Remuneration Committee

We established a remuneration committee on 19 February 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The terms of reference were updated on 30 December 2022, in accordance with the prevailing provision of the CG Code.

Our remuneration committee comprised three members, namely Mr. Zhong Hui, Ms. Huang Jieli and Mr. Lau Kwok Fai Patrick, of whom Mr. Lau Kwok Fai Patrick and Mr. Zhong Hui are our independent non-executive Directors and Ms. Huang Jieli is our executive Director, and the chairman of our remuneration committee was Mr. Zhong Hui.

The primary responsibilities of our remuneration committee include, among others, (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management’s remuneration proposals with reference to our Board’s corporate goals and objectives; (iii) making recommendations to our Board on the remuneration packages of Directors and senior management; (iv) assessing performance of executive Directors; (v) approving the terms of executive Directors’ service contracts; and (vi) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year Under Review, the remuneration committee had held one meeting. The attendance records of the committee members at these meetings are set out in the section head “Board Proceedings and Individual Attendance” of this report.

Nomination Committee

We established a nomination committee on 19 February 2020 with written terms of reference in compliance with the code provisions of the CG Code set out in Appendix C1 to the Listing Rules. The terms of reference were updated on 27 June 2025, in accordance with the prevailing provision of the CG Code.

Our nomination committee comprised four members, namely Mr. Wu Lijue, Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Ms. Shi Ying, of whom Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Ms. Shi Ying are our independent non-executive Directors and Mr. Wu Lijue is the founder of our Group, an executive Director, the chairman of our Board, our chief executive officer and one of our Controlling Shareholders, and the chairman of our nomination committee was Mr. Wu Lijue.

The primary responsibility of our nomination committee is to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

During the Year Under Review, the nomination committee had held two meetings. The attendance records of the committee members at these meetings are set out in the section head “Board Proceedings and Individual Attendance” of this report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Nomination criteria

Pursuant to the mandatory disclosure requirements effective in 2019, the Company should disclose its policy for nomination of directors in the summary of work performed by the nomination committee in its corporate governance report. In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

- (i) character and integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy;
- (iii) any measurable objectives adopted for achieving diversity on the Board;
- (iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (vi) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the nomination committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Company has put in place the following director nomination procedures:

Appointment of New and Replacement Directors

- (i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the relevant nomination committee will shortlist candidates for consideration by the nomination committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

- (i) Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if considered appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.
- (ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

REMUNERATION OF MEMBERS OF THE SENIOR MANAGEMENT BY BAND

Pursuant to code provision E.1.5 of the CG Code, the remuneration of members of the senior management by band for the year ended 31 December 2025 is set out below:

	Number of members of senior management
Nil to RMB1,000,000	1
Over RMB1,000,000	2

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in Note 10 to the Financial Statements for the year ended 31 December 2025.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy (the “**Board Diversity Policy**”) with a view to achieving a sustainable and balanced development. Our Board has a balanced composition comprising six Directors, including two female Directors and four male Directors as at 31 December 2025. Our Directors aged between late-forty and mid-sixty as at 31 December 2025, and were from different backgrounds including the metallurgy industry and the academia. Our Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Selection of candidates of our Directors will be based on a range of diversity perspectives, including but not limited to gender, age, culture, race, educational background, professional experience, skills and knowledge. We aim to achieve a balanced composition of our Board by ensuring appropriate balance of diversity in various aspects, including gender diversity, so as to enable our Board to discharge its duties and responsibilities effectively. The Company considers that the composition of the current Board satisfies the Board Diversity Policy. Hence, the Company currently has not set any plans or measurable objectives to achieve board diversity.

CORPORATE GOVERNANCE REPORT (CONTINUED)

As at 31 December 2025, the Group employed a total of 714 full time employees. The gender ratio in the workforce was as follows:

Overall male to female ratio	Male 81.1%; Female 18.9%
By rank and gender:	
Senior management	Male 93.3% : Female 6.7%
Middle management	Male 68.3% : Female 31.6%
General and technical staff	Male 83.3% : Female 16.7%

The Company considers that the current gender diversity in the workforce (including the Board) is satisfactory. Hence, the Company currently has not set any plans or measurable objectives to achieve gender diversity. In recognition of the importance of board diversity, we will continue to promote diversity of our Company at all levels, including at the Board and senior management level, to enhance the effectiveness of our corporate governance. We will continue to provide diversified career development opportunities to our staff and engage different training resources for our staff in order to develop future candidates for Directors and senior management to achieve gender diversity.

Our nomination committee is responsible for the implementation of the Board Diversity Policy and compliance with relevant codes governing board diversity under the CG Code as set forth in Appendix C1 to the Listing Rules. Our nomination committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report the implementation of the Board Diversity Policy on an annual basis. The effective implementation of the Board Diversity Policy will also depend on our Shareholders' judgement on the suitability of individual candidates and their views on the scale of gender diversity of our Board. As such, we will provide our Shareholders with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of our Company.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he/she has a proper understanding of the business and operations of the Group and that he/she is fully aware of his/her duties and responsibilities as a director under applicable rules and requirements.

All Directors are provided with regularly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge his/her duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of Mr. Wu Lijue, Mr. Mao Zili, Ms. Huang Jieli, Ms. Ouyang Ming (resigned on 26 December 2025), Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui, and Ms. Shi Ying during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD PROCEEDINGS AND INDIVIDUAL ATTENDANCE

Regular Board meetings are held at half yearly intervals with additional meetings convened as and when necessary to discuss the overall strategic directions, the Group's operations, financial performance, and to approve interim and annual results and other significant matters. For regular meetings, Board members are given at least 14 days prior notice and agenda with supporting papers are sent to Directors not less than 3 days before the relevant meeting is held. Directors may propose to the chairman or the company secretary to include matters in the agenda for regular Board meetings.

Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting in favour of the related board resolutions as appropriate.

Minutes of meetings of the Board and board committees are kept by the company secretary in sufficient details of the matters considered and decisions reached, including dissenting views expressed, and are open for inspection on reasonable notice by any Director. Draft and final versions of minutes are sent to all Directors for their comments and records respectively within a reasonable time after the Board meeting is held.

All Directors have access to the advice and services of the company secretary with a view to ensuring the Board procedures are followed.

Details of the attendance records of Directors on Board meetings and Board committee meetings for the year ended 31 December 2025 are as follows:

Name of Directors	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
<i>Executive Directors</i>					
Mr. Wu Lijue (<i>Chairman</i>)	6/6	–	–	2/2	1/1
Mr. Mao Zili	6/6	–	–	–	1/1
Ms. Huang Jieli	6/6	–	1/1	–	1/1
<i>Non-executive Director</i>					
Ms. Ouyang Ming (<i>resigned on 26 December 2025</i>)	5/5	–	–	–	1/1
<i>Independent Non-executive Directors</i>					
Mr. Lau Kwok Fai Patrick	6/6	2/2	1/1	2/2	1/1
Mr. Zhong Hui	6/6	2/2	1/1	2/2	1/1
Ms. Shi Ying	6/6	2/2	–	–	1/1

Subsequent to the year ended 31 December 2025 and up to date of this report, the Board held another Board meeting in March 2026 for the main purposes of approving the annual results of the Group for the year ended 31 December 2025 and this annual report for publication and formulating business development strategies.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMPANY SECRETARY

Mr. Chang Eric Jackson was appointed as the company secretary of the Company in May 2024. He is responsible for ensuring a good information flow within the Board and the compliance of the Board policy and procedures.

During the Year Under Review, Mr. Chang has confirmed that he has duly complied with the relevant professional training requirements under Rule 3.29 of the Listing Rules. His biographical details are set out in the paragraph headed “Directors’ and Senior Management’s Biographies” in this report.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

Financial reporting

The Board acknowledges its responsibility, as set out in the section headed “Independent Auditor’s Report” in this annual report, to prepare the Company’s financial statements which give a true and fair view of the Group’s financial position, financial performance and cash flows for the year and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The responsibilities of Ernst & Young, the Company’s external auditor, with respect to financial reporting are set out in the section headed “Independent Auditor’s Report” in this annual report.

Internal control and risk management

The Board recognizes its responsibility to ensure the Company maintains sound and effective internal control and risk management systems and to review their effectiveness. The Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group during the Year Under Review. The Group’s internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group’s internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls. The controls built into the risk management system are intended to manage, not eliminate, significant risks in the Group’s business environment, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group’s risk management framework includes the following elements: (i) identify significant risks in the Group’s operation environment and evaluate the impacts of those risks on the Group’s business; (ii) develop necessary measures to manage those risks; and (iii) monitor and review the effectiveness of such measures. The implementation of risk management framework of the Group was assisted by the Group’s internal audit department so that the Group could ensure new and emerging risks relevant to the Group’s operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and our audit committee reviews the Group’s internal control and risk management systems from time to time and at least annually in accordance with the prevailing Group’s business environment. The Board considered the risk management and internal control systems effective and adequate in all material aspects in both design and operations.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the SFO, the Group has taken various procedures and measures, including: (i) promoting the awareness to preserve confidentiality of inside information within the Group; (ii) sending blackout period and securities dealing restrictions notification to the relevant Directors and employees before the commencement of blackout or other trade restriction period; and (iii) disseminating information to specified persons on a need-to-know basis and regarding closely to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission in June 2012.

BUSINESS COMPLIANCE AND ANTI-CORRUPTION

We strive to maintain a high level of business integrity as it is vital to our reputation and the protection of our business partners and customers. To achieve so, the Group is in strict compliance with the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong, and the Anti-Money Laundering Law and the Criminal Law of the PRC.

We do not, in any case, tolerate any business misconduct and malpractices, this includes any form of bribery, extortion, fraud and money laundering. As stated clearly in the Prevention of Bribery Ordinance incorporated in our Employee’s Handbook, unethical business practices such as the offering and accepting of gifts are strictly prohibited. Once we discover any misconduct committed, the employees will be subject to termination of employment or disciplinary action.

Holding on to the values of openness, probity and accountability, we have formulated the Whistleblowing Policy which allows employees to voice their concerns or if they suspect any misconduct is being committed within the business. As the policy provides absolute anonymous reporting channels, it protects the whistleblowers from any unfair treatment and undesired consequences such as dismissal, victimization and disciplinary action, even for substantiated cases. At the same time, the audit committee has been tasked with handling the cases and delineating the investigation procedures. The Whistleblowing Policy not only applies to internal employees but also to our suppliers and contractors.

During the Year Under Review, there were no reported legal cases regarding the corrupt practices of our employees relating to bribery, extortion, fraud and/or money laundering. Though the Group did not provide any internal anti-corruption training to Directors and employees during the Year Under Review, they are encouraged to attend anti-corruption training provided by external parties at the Company’s expenses.

EXTERNAL AUDITOR

Ernst & Young has been appointed as the external auditor of the Company. The audit committee has been notified of the nature and the service charges of the services performed by Ernst & Young and considered that such services have no adverse effect on the independence of the external auditor. According to the Articles of Association, the appointment of Ernst & Young as the auditor would be until the next annual general meeting of the Company, at which Ernst & Young would retire and be eligible to stand for re-appointment by the Shareholders.

CORPORATE GOVERNANCE REPORT (CONTINUED)

For the year ended 31 December 2025, the total remuneration paid to the external auditors for audit services and non-audit services (which mainly included interim review services of RMB0.4 million) amounted to approximately RMB1.6 million and RMB0.4 million, respectively.

There was no disagreement between the Board and the audit committee on the selection and appointment of the external auditor during the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting (“EGM”).

Right to convene extraordinary general meeting

According to the Articles of Association, any Shareholder(s) who individually or jointly hold 10% or more of the Company's issued voting shares at the date of the deposit of the requisition, shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitioner(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit 02, 15th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request which has been verified is not in order, the Shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within thirty days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitioner(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitioner(s).

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the Company's principal place of business in Hong Kong at Unit 02, 15th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for putting forward proposals by Shareholders at general meetings

The procedures for Shareholders to put forward proposals at an annual general meeting or EGM include a written notice of those proposals being submitted by Shareholders, addressed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit 02, 15th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong. The detailed procedures vary according to whether the proposal constitutes an ordinary resolution or a special resolution, or whether the proposal relates to the election of a person other than a Director as a director. The procedures for Shareholders to put forward proposals at an annual general meeting or EGM (including election of a person other than a Director as a director) are available on the Company's website or on request to the company secretary of the Company.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there had been no significant change in the Company's constitutional documents, a copy of which is available on the websites of the Stock Exchange and the Company.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.ximeigroup.com to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

The Board has conducted an annual review of the implementation and effectiveness of the investor relations policies of the Company, and considered that the policies were implemented effectively during the year with the above channels for investors to communicate their views.

On behalf of the Board
Ximei Resources Holding Limited
Mr. Wu Lijue
Chairman of the Board

Hong Kong, 26 March 2026

REPORT OF THE DIRECTORS

The Directors are pleased in presenting the Directors' report together with the audited consolidated financial statements of the Company for the year ended 31 December 2025 (the "**Financial Statements**").

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 26 May 2017. Pursuant to a group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "**Shares**") on the Main Board of the Stock Exchange, the Company has become the holding company of our Group for the purpose of the listing and holds the entire interests of three subsidiaries, namely, Xinjia Seychelles, Ximei Hong Kong and Ximei Guangdong. The Company's shares were listed on the Main Board of the Stock Exchange on 12 March 2020.

Details of the group reorganisation are set out in the paragraph headed "Reorganisation" in the section "History, Reorganisation and Corporate Structure" in the Prospectus.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. During the Year Under Review, the Company's subsidiaries were principally engaged in the manufacture and sale of non-ferrous metal products and provision of processing service to customers.

RESULTS AND DIVIDENDS

Profit of the Group for the year ended 31 December 2025 and the financial positions of the Company and the Group at that date are set out in the Financial Statements on pages 74 to 147.

The Board resolved to recommend the payment of a final dividend of HK6.58 cents per share for the year ended 31 December 2025 (2024: Final Dividend of HK5.56 cents per share).

POLICY ON PAYMENT OF DIVIDENDS

The Company has adopted a policy on payment of dividends (the "**Dividend Policy**"), which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions. The Board has complete discretion on whether to pay a dividend, subject to the Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

There was no arrangement under which a Shareholder waived or agreed to waive any dividends during the year (2024: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

To be eligible to attend and vote in the forthcoming annual general meeting

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on Monday, 29 June 2026, the register of members of the Company will be closed from Wednesday, 24 June 2026 to Monday, 29 June 2026 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for attending and voting at the forthcoming annual general meeting, all share transfer documents must be lodged with Computershare Hong Kong Investor Services Limited, the Company's share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 23 June 2026.

To be entitled to the Final Dividend

The Final Dividend will be payable to the Shareholders whose names appear on the register of members on Wednesday, 8 July 2026 and the register of members will be closed from Monday, 6 July 2026 to Wednesday, 8 July 2026 (both dates inclusive). In order to qualify for the Final Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 3 July 2026. Accordingly, the last day for dealings in the Shares with entitlement to the Final Dividend will be Tuesday, 30 June 2026. The Shares will be traded ex-dividend as from Thursday, 2 July 2026. The Final Dividend is expected to be paid on or about Friday, 17 July 2026.

BUSINESS REVIEW

A review of the business of the Group for the Year Under Review and a discussion on the Group's future business development are provided in the "Management Discussion and Analysis" section on pages 8 to 31. Financial highlights of the Group's performance during the Year Under Review using financial key performance indicators are provided in the "Financial Highlights" section on page 4. A financial summary for the last five years is provided in the "Financial Summary" section on page 148. The Environmental, Social and Governance Report forms a part of this Directors' report.

ENVIRONMENTAL POLICY

The Group is committed to supporting the environmental sustainability. Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Our Group adheres to the principle of recycling and reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance. The Group has taken measures to ensure the compliance of our manufacturing operations with environmental related requirements, which include: designating dedicated personnel to handle environmental compliance matters; continuously improving production processes to reduce energy consumption; implementing stringent waste treatment at production facilities; treating waste generated in compliance with applicable environmental standards; and designating dedicated personnel to handle and dispose of any hazardous waste in accordance with relevant regulations.

REPORT OF THE DIRECTORS (CONTINUED)

Our Group will review its environmental practices from time to time and will consider implementing further ecofriendly measures and practices in the operation of our Group's businesses to move towards adhering to the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

The Group had issued separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 to the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year Under Review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus, our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. During the year ended 31 December 2025, we did not have any significant disputes with our employees and we are confident that the Group maintains a good work relationship with its employees.

The Group also understands that it is important to maintain good relationship with business partners such as customers, suppliers and financial institutions to achieve its long-term goals. Accordingly, our senior management has kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year Under Review, there was no material and significant dispute between our Group and its business partners or bank enterprises.

KEY RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. For details of the risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the Prospectus. In addition, the followings are the other key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Market risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign exchange risk

Fluctuations in exchange rates will increase the Group's costs in Renminbi for overseas operations or reduce the revenue in Renminbi derived from overseas operations, or affect the prices of export products and the prices of imported equipment and materials. Any increase in costs or decrease in revenue as a result of exchange rate fluctuations may adversely affect the Group's profit margin. The value of Renminbi is affected by changes in PRC government policies and international economic and political developments. Most of the Group's assets and liabilities are denominated in Renminbi, except for certain payables to suppliers, bank borrowings and professional parties that are denominated in U.S. dollars and Hong Kong dollars. As Renminbi is not freely convertible, the Group is exposed to the risk that the PRC government may take actions affecting the exchange rate, which may have a material adverse effect on the net assets, earnings and any dividends declared by the Group if such dividends are to be converted or translated into foreign currencies.

The Group has established a foreign exchange risk management system internally to address the exchange rate risk. The Board and the management will continue to closely monitor the movements in the foreign exchange market and take effective measures to prevent exchange rate risk in a timely manner.

Liquidity risk

Liquidity risk is the potential that our Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, our Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Key functions in our Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2025, the Group did not have any material contingent liabilities, on-going legal proceedings or potential proceedings threatened to be brought against the Group.

GOING CONCERN

Based on the current financial position and the available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the Financial Statements were prepared on a "going concern" basis.

REPORT OF THE DIRECTORS (CONTINUED)

PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, during the Year Under Review and up to the date of this report, at least 25% of the issued Shares (excluding treasury shares, if any) was held by public shareholders as required under the Listing Rules.

CHARITY DONATIONS

During the Year Under Review, charity and other donations made by the Group were approximately RMB0.8 million (2024: approximately RMB0.9 million).

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 24 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year Under Review and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

The Company did not hold any treasury shares as at 31 December 2025.

RESERVES

Details of change in reserves of the Group are set out on pages 79 to 80 of the "Consolidated Statement of Changes in Equity" of this report.

DISTRIBUTABLE RESERVES

The amount of the Company's reserves available for distribution as at 31 December 2025, calculated in accordance with the Companies Law of the Cayman Islands, was reserves of approximately RMB484.6 million (31 December 2024: approximately RMB417.5 million). Details of movements in reserves of the Company during the Year Under Review are set out in the "Statement of Financial Position of the Company" on pages 146 to 147 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in Note 14 to the Financial Statements.

REPORT OF THE DIRECTORS (CONTINUED)

PRE-EMPTIVE RIGHTS

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

SUBSIDIARY COMPANIES

Details of the major subsidiary companies of the Company as at 31 December 2025 are set out in Note 1 to the Financial Statements.

PLEDGE OF ASSETS

As at 31 December 2025, certain of the Group's bank loans are secured by the pledge of certain of the Group's leasehold land and property, plant and equipment with net carrying amounts of approximately RMB57.2 million (31 December 2024: RMB48.4 million) and RMB85.2 million (31 December 2024: RMB91.8 million), respectively.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) by ordinary resolution of the Shareholders in the extraordinary general meeting on 5 December 2022 (the “**Adoption Date**”). The Share Award Scheme constitutes a share scheme involving the grant of new Shares for the purposes of the amendments to the Listing Rules relating to share scheme of listed issuers, which took effect on 1 January 2023. Please refer to the circular of the Company dated 16 November 2022 for further details. On 18 November 2024, the Company granted a total of 3,000,000 Shares pursuant to the Share Award Scheme (“**Awarded Shares**”), which are existing Shares. Please refer to the announcement of the Company dated 18 November 2024 for further details. As at 31 December 2025, the Awarded Shares pursuant to the Share Award Scheme are set out below:

Name of grantee	Date of grant ⁽⁶⁾	Number of unvested Awarded Shares as of 1 January 2025	Number of Awarded Shares granted during the Reporting Year	Number of Awarded Shares vested during the Reporting Year	Number of Awarded Shares cancelled during the Reporting Year ⁽¹⁾	Number of Awarded Shares lapsed during the Reporting Year	Number of unvested Awarded Shares as of 31 December 2025	Vesting period ⁽²⁾⁽³⁾	Consideration for the grant of the Awarded Shares	Weighted average closing price of the Shares immediately before the date of vesting	Closing price of Shares on the date of grant	Closing price of Shares immediately before the date of grant
Directors/senior management												
Ms. Huang Jieli	18 November 2024	130,000	-	65,000	-	-	65,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
Mr. Zhang Dong	18 November 2024	40,000	-	20,000	-	-	20,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
Mr. Fan Jinchao	18 November 2024	50,000	-	25,000	-	-	25,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
Mr. Lan Weifeng	18 November 2024	100,000	-	50,000	-	-	50,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
Five highest paid individuals (Other than Directors) ⁽⁴⁾	18 November 2024	250,000	-	125,000	-	-	125,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
Other grantees												
Other employees	18 November 2024	930,000	-	455,000	20,000	-	455,000	2024-2026	Nil	HK\$2.93	HK\$3.01	HK\$3.01
		1,500,000	-	740,000	20,000	-	740,000					

REPORT OF THE DIRECTORS (CONTINUED)

Notes:

- (1) 20,000 Awarded Shares were cancelled during the Reporting Year due to the resignation of an employee.
- (2) (i) The first 50% of the Awarded Shares will be vested on 20 December 2024; (ii) the next 25% of the Awarded Shares will be vested on 20 December 2025; and (iii) the remaining 25% of the Awarded Shares will be vested on 20 December 2026.
- (3) The vesting of the Awarded Shares is subject to the fulfillment of performance targets set up by the Company, which are based on individual performance indicators relevant to the roles and responsibilities of the grantees. The Board will determine whether the grantees meet their individual performance targets.
- (4) The five highest paid individuals include one Director, two senior management and two other individuals. Both of the other individuals were granted with Awarded Shares.
- (5) The Directors estimated the fair value of the share awards based on the closing market price per share on the date of the grant, i.e. HK\$3.01, and therefore the fair value of the share awards granted at the date of grant is HK\$3.01 per share.

As at 31 December 2025, the trustee has purchased an aggregate of 3,440,000 shares of the Company on the Stock Exchange for the purpose of the Share Award Scheme, and granted and vested 2,240,000 shares of the Company cumulatively. A summary of the principal terms of the Share Award Scheme is set out below.

Purposes and objectives

The purposes and objectives of the Share Award Scheme are: (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Eligible participants

Eligible participants under the Share Award Scheme include any employee, officer or director of any member of the Group.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

Scheme mandate limit and individual limit

The maximum number of Shares which may be allotted and issued in respect of all awards to be granted under the Share Award Scheme, and the options and awards to be granted under any other share scheme(s) shall not in aggregate exceed 10% of the number of Shares in issue on the date on which the Share Award Scheme was adopted by the Company.

As at the date of this annual report, the total number of Shares available for issue under the Share Award Scheme was 33,000,000, representing 8.7% of the total issued Shares (excluding treasury shares, if any) as at the date of this annual report. As the Awarded Shares are all existing Shares, there are no Shares which may be issued in respect of awards granted under the Share Award Scheme during the Year Under Review.

REPORT OF THE DIRECTORS (CONTINUED)

The number of Shares issued and to be issued in respect of all options or awards granted to each participant (excluding any options and awards lapsed) under the Share Award Scheme and any other share scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of awards in excess of such limit in any 12-month period up to and including the date of such further grant shall be separately approved by our Shareholders in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms of awards to be granted to such participant must be fixed before Shareholders' approval.

Vesting period

The vesting period of awards granted under the Share Award Scheme shall not be shorter than 12 months. The remuneration committee (or, as the case may be, our Directors) has the authority to determine a shorter vesting period if the remuneration committee (or, as the case may be, our Directors) considers that a shorter vesting period is appropriate to align with the purpose of the Amended Share Option Scheme.

Amount payable on acceptance of awards

The Board may grant awards to any selected participant at nil consideration.

Alteration of the Share Award Scheme

Subject to the provisions of the Share Award Scheme, the Share Award Scheme may be altered in any respect by resolution of the Board except that certain provisions of the Share Award Scheme shall not be altered to the advantage of the eligible participants except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the selected participants as would be required of the holders of the Shares under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

Termination

The Share Award Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any selected participants. As at the date of this annual report, the Share Award Scheme had a remaining life of approximately 7 years.

Number of awards available for grant

As at 1 January 2025 and 31 December 2025, the number of awards available for grant under the scheme mandate limit of the Share Award Scheme and the number of options available for grant under the scheme mandate limit of the Amended Share Option Scheme (as defined below) shall not exceed 33,000,000 and 33,000,000 in aggregate respectively.

REPORT OF THE DIRECTORS (CONTINUED)

SHARE OPTION SCHEME

On 19 February 2020, the Company conditionally adopted a share option scheme (the “**Share Option Scheme**”). Under the Share Option Scheme, the Board may, at its absolute discretion, at any time within a period of ten years commencing from 19 February 2020 offer to grant to any Eligible Participants (as defined herein below) options to subscribe for Shares. The Company amended the Share Option Scheme (the “**Amended Share Option Scheme**”) by ordinary resolution of the Shareholders in the extraordinary general meeting on 5 December 2022. Please refer to the circular of the Company dated 16 November 2022 for details. During the Year Under Review, no share option was granted, exercised, cancelled or lapsed pursuant to the Amended Share Option Scheme. There was no outstanding share option as at 1 January 2025 and 31 December 2025.

The principal terms of the Amended Share Option Scheme are summarised as follows:

1. The purposes of the Amended Share Option Scheme are (i) to enable us to grant options to selected participants as incentives or rewards for their contribution to our growth and development; (ii) to attract and retain personnel to promote our sustainable development; and (iii) to align the interest of the grantees with those of the Shareholders to promote our long-term financial and business performance. Our Directors consider the Amended Share Option Scheme will enable us to reward the employees, our Directors and other selected participants for their contributions to us.
2. Our Directors shall, in accordance with the provisions of the Amended Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten years commencing from the date of the adoption of the Amended Share Option Scheme to make an offer to any Eligible Participants:
 - (i) any employee (whether full-time or part-time including any executive Director but excluding any non-executive Director) of our Company or any of our subsidiaries in which our Group holds an equity interest (and including persons who are granted options under the Amended Option Scheme or any other share scheme(s) as an inducement to enter into employment contracts with our Group) (“**Employee Participant**”);
 - (ii) any non-executive Directors (including independent non-executive Directors) of the Company or any of our subsidiaries; and
 - (iii) any related entity participant.
3. The maximum number of Shares that may be allotted under all share schemes (which include the Amended Share Option Scheme and the Share Award Scheme) was 36,000,000 Shares, representing 10% of the total issued Shares as at 5 December 2022. Any further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting with such participant and his associates abstaining from voting. As at the date of this annual report, the total number of Shares available for issue upon the exercise of the options granted under the Amended Share Option Scheme was 33,000,000, representing 8.7% of the total issued Shares (excluding treasury shares, if any) as at the date of this annual report.

REPORT OF THE DIRECTORS (CONTINUED)

4. The number of Shares issued and to be issued upon exercise of all options and awards granted to such person (excluding any options and awards lapsed) under the Amended Share Option Scheme and any other share scheme to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company ("**1% Individual Limit**"). Any further grant of options in excess of the 1% Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 17.03E of the Listing Rules.
5. An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Amended Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Amended Share Option Scheme for the holding of an option before it can be exercised. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The vesting period of options granted under the Amended Share Option Scheme shall not be shorter than 12 months from the date of acceptance of the offer for the grant of options. The remuneration committee (or, as the case may be, our Directors) has the authority to determine a shorter vesting period if the participant is an Employee Participant and the remuneration committee (or, as the case may be, our Directors) considers that a shorter vesting period is appropriate to align with the purpose of the Amended Share Option Scheme.
6. The exercise price in respect of any option shall, subject to any adjustments made pursuant to the Amended Share Option Scheme, be at the discretion of our Directors, provided that it shall not be less than the highest of:
 - (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer of grant, which must be a business day;
 - (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and
 - (iii) (where applicable) the nominal value of a Share.
7. Unless terminated by the Company by resolution in general meeting, the Amended Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of its adoption (i.e. 5 December 2022). As at the date of this annual report, the Amended Share Option Scheme had a remaining life of approximately 7 years.
8. As at 1 January 2025 and 31 December 2025, the number of awards available for grant under the scheme mandate limit of the Share Award Scheme and the number of options available for grant under the scheme mandate limit of the Amended Share Option Scheme shall not exceed 33,000,000 and 33,000,000 in aggregate respectively.

REPORT OF THE DIRECTORS (CONTINUED)

TAX RELIEF AND EXEMPTION

The Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

DIRECTORS

The Directors of the Company during the Year Under Review and as at the date of this report have been:

Executive Directors

Mr. Wu Lijue (*Chairman*)
Mr. Mao Zili
Ms. Huang Jieli

Non-executive Director

Mr. Liao Longlong (appointed on 27 March 2026)
Ms. Ouyang Ming (resigned on 26 December 2025)

Independent Non-executive Directors

Mr. Lau Kwok Fai Patrick
Mr. Zhong Hui
Ms. Shi Ying

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out on pages 32 to 35 under the paragraph headed “Directors’ and Senior Management’s Biographies” in this report.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the confirmation of independence pursuant to the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent from their date of appointment and up to the date of this report.

REMUNERATIONS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration committee considers and makes recommendation to the Board on the remuneration and other benefits payable to the Directors. The committee regularly oversees the remuneration of all Directors to ensure that their remuneration and compensation are at appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group to attract and retain its Directors as well as to control costs.

The Board determines the remuneration of the Directors on the basis of the Company's performance, together with the relevant Directors' qualifications, responsibilities, experience, contributions to and positions held with the Company. Details of the remuneration of the Directors are set out in Note 10 to the Financial Statements.

The five highest paid individuals of the Group in the Year under Review include 1 Director (2024: 1 Director). Details of the five highest paid individuals are set out in Note 11 to the Financial Statements.

DIRECTORS' SERVICE CONTRACTS OR AGREEMENTS

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the date of appointment. The terms and conditions of each of such service contracts are similar in all material aspects. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term, unless either party has given at least one to three months' written notice of non-renewal before the expiry of the initial term.

Non-executive Director and independent non-executive Directors

Non-executive Director and each of our independent non-executive Directors has been appointed for an initial term of two years commencing from the date of appointment renewable automatically for a term of one year commencing from the next day after the expiry of the initial term of appointment, and can be terminated by not less than one to three months' notice in writing served by our independent non-executive Directors or our Company after the end of the initial term.

None of the Directors has a service contract or agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). During the Year Under Review, other than a contract of service with a Director or any person engaged in the full-time employment of the Company, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions" below in this report, none of the Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group subsisted during or at the end of the Year Under Review to which the Company, or any of its subsidiaries was a party.

No contract of significance was entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries during the Year Under Review. There was no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries during the Year Under Review.

COMPLETION OF ISSUE AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

As disclosed in the announcements of the Company dated 19 May 2022, 22 July 2022 and 29 July 2022 (the "**Announcements**") (unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Announcements), all conditions of the Subscription have been fulfilled and completion of the Subscription took place on 29 July 2022. A total of 60,000,000 Subscription Shares (all being ordinary shares of the Company) have been successfully issued and allotted to the Subscriber, GFL investment (Hong Kong) Limited, at the Subscription Price of HK\$4.0 per Subscription Share pursuant to the terms and conditions of the Execution Agreement. After deducting related professional fees and all related expenses, the net Subscription Price is approximately HK\$3.88 per Subscription Share. On 19 May 2022, being the date of the Framework Subscription Agreement, the closing price of the Company's shares is HK\$4.43 per Share as quoted on the Stock Exchange. On 22 July 2022, being the date of the Execution Agreement, the closing price of the Company's shares is HK\$4.55 per Share as quoted on the Stock Exchange. The aggregate nominal value of share capital for the Subscription Shares is HK\$600,000.

The Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening the Shareholder base of the Company. Moreover, as Ganfeng Lithium is a global leading lithium ecological enterprise, the Subscription will create synergy effect and complementary advantages in terms of mineral resources, non-ferrous metal smelting and processing, and downstream customer resources. The Subscription is expected to enhance the Group's development in its tantalum and niobium business and enhance the Group's overall competitiveness.

The gross proceeds from the Subscription are approximately HK\$240.0 million in aggregate. After deducting related professional fees and all related expenses of about HK\$7.2 million borne by the Company under the Subscription, the net proceeds of the Subscription amount to approximately HK\$232.8 million. As disclosed in the Announcements, the net proceeds from the Subscription will be used for the Group's investment in fixed assets and general working capital purposes. Please refer to the Announcements for further details.

REPORT OF THE DIRECTORS (CONTINUED)

As at 31 December 2025, the Group had used net proceeds of approximately HK\$232.8 million, the following table illustrates the status of the use of net proceeds according to the intentions previously disclosed by the Company:

		Planned use of the net proceeds as disclosed in the Announcements (HK\$ million)	Amount of net proceeds brought forward as at 1 January 2025 (HK\$ million)	Actual utilised amount during the Year Under Review (HK\$ million)	Actual utilised amount as at 31 December 2025 (HK\$ million)	Unutilised amount as at 31 December 2025 (HK\$ million)
	%					
Investment in fixed assets and general working capital purposes	100%	232.8	–	– (Note)	232.8	–

Note: During the Year Under Review, unutilised net proceeds of HK\$18,951.80 were fully utilised.

DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporation

As at 31 December 2025, the interests and short positions held by the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (i) 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 (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interest in the Shares and underlying Shares:

Name of Director	Capacity/Nature of interest	Number of Shares and underlying Shares (Note 1)	Approximate percentage of shareholding %
Mr. Wu Lijue (Note 2)	Interest of controlled corporation	205,000,000 (L)	53.95%
Ms. Huang Jieli (Note 3)	Beneficial owner	260,000 (L)	0.07%

Notes:

- (1) The letter "L" denotes long position in our Shares.
- (2) It represents Shares held by Jiawei Resources Seychelles, which was wholly owned by Mr. Wu Lijue.
- (3) Ms. Huang Jieli is interested in Awarded Shares granted to her under the Shares Award Scheme entitling her to receive 260,000 Shares, of which 195,000 Shares were vested as at 31 December 2025.

REPORT OF THE DIRECTORS (CONTINUED)

(ii) Interests in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number and class of shares	Percentage of shareholding
Mr. Wu Lijue	Jiawei Resources Seychelles	Beneficial owner	1 ordinary share (L)	100%

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at 31 December 2025, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2025, so far as was known to the Directors, the interests or short positions held by the following persons (other than the Directors) in the shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO were as follows:

Interests in the Shares and underlying Shares:

Name of Substantial Shareholders	Capacity/ Nature of interest	Number of Shares and underlying Shares (Note 1)	Approximate percentage of shareholding %
Jiawei Resources Seychelles	Beneficial owner	205,000,000 (L)	53.95%
Ms. Ruan Xiaomei (Note 2)	Interest of spouse	205,000,000 (L)	53.95%
Ganfeng Lithium Co., Ltd. (Note 3)	Beneficial owner	60,000,000 (L)	15.59%
Mr. Huang Hua (Note 4)	Interest of spouse	260,000 (L)	0.07%

REPORT OF THE DIRECTORS (CONTINUED)

Notes:

- (1) The Letter "L" denotes long position in our Shares.
- (2) Ms. Ruan Xiaomei is the spouse of Mr. Wu Lijue. By virtue of the SFO, Ms. Ruan Xiaomei is deemed to be interested in all the Shares held by Mr. Wu. Jiawei Resources Seychelles is wholly owned by Mr. Wu. By virtue of the SFO, Mr. Wu is deemed to be interested in all the Shares held by Jiawei Resources Seychelles.
- (3) Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業集團股份有限公司) is a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 002460) and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1772). So far as was known to the Directors, interests held by Ganfeng Lithium Group Co., Ltd. were indirectly held through GFL Investment (Hong Kong) Limited, its indirect wholly-owned subsidiary and an investment holding Company.
- (4) Mr. Huang Hua is the spouse of Ms. Huang Jieli. By virtue of the SFO, Mr. Huang Hua is deemed to be interested in all the Shares and underlying Shares held by Ms. Huang Jieli.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2025, no person (other than the Directors) had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions entered into by the Group during the Year Under Review are set out in Note 29 to the Financial Statements. None of those related party transactions constituted a discloseable connected transaction or continuing connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

During the Year Under Review and up to the date of this annual report, the Group has not entered into any connected transactions or continuing connected transactions which are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year Under Review, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

LIQUIDITY AND CAPITAL RESOURCES

The Group has met its working capital needs mainly through cash generated from operations and various long and short-term bank borrowings. For the Year Under Review, the effective interest rate for fixed rate borrowings was from 2.18% to 3.50%. The currency of the borrowings is in Renminbi. Taking into account the cash flow generated from operations and the long and short-term bank borrowing facilities available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least 12 months from the date of this report.

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB431.5 million (31 December 2024: approximately RMB182.0 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year Under Review, the total turnover of the Group's five largest customers accounted for approximately 50.5% of the Group's revenue, in which turnover from the largest customer of the Group accounted for approximately 29.4% of the total revenue of the Group. During the same period, total purchases of the Group's five largest suppliers accounted for approximately 41.0% of the Group's total cost of sales, in which purchase from the largest supplier of the Group accounted for approximately 11.4% of the total cost of sales of the Group.

None of the Directors, their respective close associates or any Shareholders (interested in 5% or more of the issued share capital (excluding treasury shares, if any) to the best knowledge of the Board) has any interest in any of the Group's five largest suppliers or five largest customers.

EMPLOYEE BENEFITS

Details of the employee benefits of the Group for the year ended 31 December 2025 are set out in Note 2.4 to the Financial Statements. No forfeited contributions (by the Group on behalf of employees who leave the defined contribution plans prior to vesting fully in such contributions) can be used by the Group to reduce the existing level of contributions.

PERMITTED INDEMNITY PROVISION

At no time during the Year Under Review and up to the date of this report, there was or is, permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

REPORT OF THE DIRECTORS (CONTINUED)

COMPANY SECRETARY

Mr. Chang Eric Jackson is our Company Secretary. Please refer to Mr. Chang's biographies in the section headed "Directors' and Senior Management's Biographies" of this report for details.

EVENTS AFTER THE REPORTING PERIOD

On 27 March 2026, the Company granted a total of 174,900 awarded shares to the employees of the Group as share awards under the Share Award Scheme, representing approximately 0.05% of the total issued Shares as at the grant date. For details, please refer to the announcement of the Company dated 27 March 2026.

Save as disclosed above, there is no material event after the reporting period as at the date of this report.

AUDITOR

The Financial Statements for the year ended 31 December 2025 have been audited by Ernst & Young, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Ximei Resources Holding Limited
Mr. Wu Lijue
Chairman of the Board

Hong Kong, 26 March 2026

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the shareholders of Ximei Resources Holding Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ximei Resources Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 147, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "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 ("HKSAs") as 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 financial statements of public interest entities. We have also 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 MATTERS

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses of trade receivables	
<p>The Group's trade receivables, excluding bills receivables, amounted to RMB458.0 million as at 31 December 2025, representing 14.7% of the total assets of the Group.</p> <p>The measurement of expected credit loss ("ECL") required the application of significant estimation which included the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL model, such as the forward-looking information. Owing to the significance of the trade receivables and the significant estimation involved in determining the ECL, we considered this as a key audit matter.</p> <p>The related disclosures are included in notes 3 and 18(b) to the consolidated financial statements.</p>	<p>Our procedures included assessing the Group's policies and procedures in the estimations of the ECL and checking subsequent settlements after the year end.</p> <p>We assessed the assumptions and inputs in the ECL model by considering the historical customer payment behaviour, the creditworthiness of customers, the ageing of the trade receivables and other macroeconomic consideration.</p> <p>We also assessed the adequacy of disclosures in relation to the impairment assessment of trade receivables in the consolidated financial statements.</p>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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



RESPONSIBILITIES OF THE DIRECTORS 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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

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

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



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

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

The engagement partner on the audit resulting in this independent auditor's report is CHENG Man (practising certificate number: P05069).

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	2,241,855	1,822,049
Cost of sales		(1,773,327)	(1,425,277)
Gross profit		468,528	396,772
Other income and gains, net	6	23,293	24,088
Selling and distribution expenses		(16,672)	(15,845)
Administrative expenses		(198,214)	(183,801)
Other operating expenses, net		(28,377)	(29,261)
Finance costs	7	(26,700)	(24,421)
Share of loss of an associate		(5,870)	(4,489)
PROFIT BEFORE TAX	8	215,988	163,043
Income tax expense	9	(32,646)	(28,867)
PROFIT FOR THE YEAR		183,342	134,176
Attributable to:			
Shareholders of the Company		171,597	124,195
Non-controlling interest		11,745	9,981
		183,342	134,176
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	13		
Basic (in RMB)		0.48	0.35
Diluted (in RMB)		0.48	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	183,342	134,176
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,326)	135
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	(8,340)	6,226
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(9,666)	6,361
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	173,676	140,537
Attributable to:		
Shareholders of the Company	161,931	130,556
Non-controlling interest	11,745	9,981
	173,676	140,537

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	469,037	386,974
Right-of-use assets	15(a)	332,303	68,081
Investment in an associate	16	29,589	35,459
Prepayments, deposits and other receivables	19	60,692	50,277
Deferred tax assets	9(c)	9,515	10,199
Total non-current assets		901,136	550,990
CURRENT ASSETS			
Inventories	17	1,047,070	744,508
Trade and bills receivables	18	586,237	406,222
Prepayments, deposits and other receivables	19	153,928	250,460
Due from an associate	16	–	9,140
Income tax recoverable		3,979	84
Cash and cash equivalents	20	431,492	182,039
Total current assets		2,222,706	1,592,453
CURRENT LIABILITIES			
Trade and bills payables	21	135,218	62,266
Provision, other payables and accruals	22	118,800	113,122
Due to an associate	16	49,895	43,974
Income tax payables		5,351	10,194
Derivative financial instruments		2,815	–
Bank borrowings	23	806,125	470,249
Lease liabilities	15(b)	12,722	5,312
Total current liabilities		1,130,926	705,117
NET CURRENT ASSETS		1,091,780	887,336
TOTAL ASSETS LESS CURRENT LIABILITIES		1,992,916	1,438,326
NON-CURRENT LIABILITIES			
Bank borrowings	23	196,833	129,100
Lease liabilities	15(b)	252,583	2,601
Deferred tax liabilities	9(c)	–	6,000
Total non-current liabilities		449,416	137,701
Net assets		1,543,500	1,300,625

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	24	3,410	3,228
Reserves	26	1,409,604	1,175,056
		1,413,014	1,178,284
Non-controlling interest		130,486	122,341
		1,543,500	1,300,625

Mr. Wu Lijue
Director

Ms. Huang Jieli
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to shareholders of the Company												Non-controlling interest RMB'000	Total equity RMB'000
	Issued capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 (note 25)	Share award reserve RMB'000 (note 25)	Capital reserve RMB'000 (note 26)	Merger reserve RMB'000 (note 26)	PRC statutory reserve RMB'000 (note 26)	Exchange fluctuation reserve RMB'000	Specific reserve RMB'000 (note 26)	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2024	3,228	328,184	(1,959)	-	35,793	8,803	85,988	12,979	3,748	9	553,235	1,030,008	76,172	1,106,180
Profit for the year	-	-	-	-	-	-	-	-	-	-	124,195	124,195	9,981	134,176
Other comprehensive income for the year:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	135	-	-	-	135	-	135
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	-	6,226	-	-	-	6,226	-	6,226
Total comprehensive income for the year	-	-	-	-	-	-	-	6,361	-	-	124,195	130,556	9,981	140,537
Equity-settled share award arrangement	-	-	-	4,177	-	-	-	-	-	-	-	4,177	-	4,177
Purchase of shares under share award scheme	-	-	(7,094)	-	-	-	-	-	-	-	-	(7,094)	-	(7,094)
Vesting of share awards	-	-	3,963	(3,963)	-	-	-	-	-	-	-	-	-	-
Deemed disposal of partial interest in a subsidiary	-	-	-	-	20,637	-	-	-	-	-	-	20,637	39,363	60,000
Dividend paid to the non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,175)	(3,175)
Transfer from retained profits	-	-	-	-	-	-	-	-	4,774	-	(4,774)	-	-	-
Transfer to PRC statutory reserve	-	-	-	-	-	-	(57)	-	-	-	57	-	-	-
At 31 December 2024	3,228	328,184*	(5,090)*	214*	56,430*	8,803*	85,931*	19,340*	8,522*	9*	672,713*	1,178,284	122,341	1,300,625

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2025

	Attributable to shareholders of the Company													Non-controlling interest RMB' 000	Total equity RMB' 000
	Issued capital RMB' 000	Share premium RMB' 000	Shares held for share award		Capital reserve RMB' 000 (note 26)	Merger reserve RMB' 000 (note 26)	PRC statutory reserve RMB' 000 (note 26)	Exchange fluctuation reserve RMB' 000	Specific reserve RMB' 000 (note 26)	Other reserve RMB' 000	Retained profits RMB' 000	Total RMB' 000			
			award scheme RMB' 000 (note 25)	award reserve RMB' 000 (note 25)											
At 1 January 2025	3,228	328,184	(5,090)	214	56,430	8,803	85,931	19,340	8,522	9	672,713	1,178,284	122,341	1,300,625	
Profit for the year	-	-	-	-	-	-	-	-	-	-	171,597	171,597	11,745	183,342	
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(1,326)	-	-	-	(1,326)	-	(1,326)	
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	-	(8,340)	-	-	-	(8,340)	-	(8,340)	
Total comprehensive income for the year	-	-	-	-	-	-	-	(9,666)	-	-	171,597	161,931	11,745	173,676	
Issue of new shares (note 24)	182	90,198	-	-	-	-	-	-	-	-	-	90,380	-	90,380	
Equity-settled share award arrangement	-	-	-	2,962	-	-	-	-	-	-	-	2,962	-	2,962	
Purchase of shares under share award scheme	-	-	(2,289)	-	-	-	-	-	-	-	-	(2,289)	-	(2,289)	
Vesting of share awards	-	-	4,653	(4,653)	-	-	-	-	-	-	-	-	-	-	
Dividend paid to the non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)	
2024 final dividend paid	-	-	-	-	-	-	-	-	-	-	(18,254)	(18,254)	-	(18,254)	
Transfer from retained profits	-	-	-	-	-	-	-	-	3,886	-	(3,886)	-	-	-	
Transfer to PRC statutory reserve	-	-	-	-	-	-	17,966	-	-	-	(17,966)	-	-	-	
At 31 December 2025	3,410	418,382*	(2,726)*	(1,477)*	56,430*	8,803*	103,897*	9,674*	12,408*	9*	804,204*	1,413,014	130,486	1,543,500	

* These reserve accounts comprise the consolidated reserves of RMB1,409,604,000 (2024: RMB1,175,056,000) in the consolidated statement of financial position as at 31 December 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		215,988	163,043
Adjustments for:			
Finance costs	7	26,700	24,421
Equity-settled share award arrangement	8	2,962	4,177
Share of loss of an associate		5,870	4,489
Depreciation of property, plant and equipment	8	30,472	39,120
Depreciation of right-of-use assets	8	8,209	8,052
Loss on disposal of items of property, plant and equipment	8	151	3,251
Impairment of items of property, plant and equipment	8	2,502	–
Impairment of trade receivables, net	8	7,746	4,592
Impairment of a non-refundable deposit	8	–	11,000
Write-down of inventories to net realisable value	8	7,496	1,778
Unrealised fair value loss of derivative financial instruments		2,815	–
Provision for contribution to a suspended factory	8	16,500	–
Interest income	6	(1,247)	(1,834)
		326,164	262,449
Increase in inventories		(310,058)	(62,496)
Increase in trade and bills receivables		(187,763)	(13,299)
Decrease/(increase) in prepayments, deposits and other receivables		76,081	(92,548)
Decrease/(increase) in amount due from an associate		9,140	(9,140)
Increase in amount due to an associate		5,921	43,974
Increase in trade and bills payables		72,932	7,999
Increase in provision, other payables and accruals		(10,720)	15,142
		(18,303)	152,081
Cash generated from/(used in) operations		(18,303)	152,081
Payment of interest on lease liabilities	15(b)	(1,894)	(1,503)
Hong Kong profits tax paid		(6,329)	(12,485)
PRC corporate income tax paid		(40,365)	(19,139)
		(66,891)	118,954
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in an associate		–	(15,382)
Additions to prepaid land lease payments included in right-of-use assets		(198)	–
Purchases of items of property, plant and equipment		(129,610)	(21,275)
Proceeds from disposal of items of property, plant and equipment		13,479	3,059
Placement of pledged deposits		(96,440)	–
Interest received		1,247	1,834
		(211,522)	(31,764)
Net cash flows used in investing activities		(211,522)	(31,764)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2025

	Note	2025 RMB' 000	2024 RMB' 000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		912,874	357,232
Repayment of bank loans		(509,265)	(396,561)
Repayment of lease liabilities	15(b)	(4,699)	(12,999)
Payment of interest on bank borrowings		(24,806)	(22,918)
Purchase of shares held for share award scheme		(2,289)	(7,094)
Proceeds from issue of new shares		90,380	–
Dividend paid		(21,854)	(3,175)
Capital contribution from a minority equity holder of a subsidiary		–	60,000
Net cash flows from/(used in) financing activities		440,341	(25,515)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		182,039	115,547
Effect of foreign exchange rate changes, net		(8,915)	4,817
CASH AND CASH EQUIVALENTS AT END OF YEAR		335,052	182,039
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position		431,492	182,039
Less: pledged deposits		(96,440)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		335,052	182,039

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE INFORMATION

Ximei Resources Holding Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively the “Group”) were principally engaged in the manufacture, sale and trading of non-ferrous metal products and the provision of related processing services to customers.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Jiawei Resources Holding Limited, which is incorporated in the Republic of Seychelles (“Seychelles”).

Information about principal subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xinjia Group Limited 新佳集團有限公司	Seychelles	United States dollar (“US\$”) 1	100	–	Investment holding
Ximei Resources (Guangdong) Limited*# 稀美資源(廣東) 有限公司	People’s Republic of China (“PRC”)/ Chinese mainland	Renminbi (“RMB”) 239,360,000	–	95.59	Manufacture, sale and trading of non-ferrous metal products
Ximei Resources (Hong Kong) Limited 稀美資源(香港) 有限公司	Hong Kong	Hong Kong dollars (“HK\$”) 10,000	–	100	Trading of non-ferrous metal products
Ximei Resources (Guizhou) Technology Limited*^ 稀美資源(貴州)科技 有限公司	PRC/Chinese mainland	RMB160,000,000	–	59.74	Manufacture, sale and trading of non-ferrous metal products

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ximei (Hainan) Trading Limited ^{*^} 稀美(海南) 貿易有限公司	PRC/Chinese mainland	RMB10,000,000	–	95.59	Trading of non-ferrous metal products
Ximei Resources (Leizhou) Limited ^{*^} 稀美資源(雷州) 有限公司	PRC/Chinese mainland	RMB150,000,000 (2024: RMB100,000,000)	–	95.59	Manufacture, sale and trading of non-ferrous metal products
Ximei Resources (Guiyang) Limited ^{*^} 稀美資源(貴陽) 有限公司	PRC/Chinese mainland	RMB100,000,000	–	95.59	Investment holding
Ximei (Guiyang) Technology Limited ^{*^} 稀美(貴陽)科技 有限公司	PRC/Chinese mainland	RMB101,010,000	–	95.59	Manufacture, sale and trading of non-ferrous metal products

* The English names of these companies are direct translations of their Chinese names for identification purpose only as no English names have been registered.

This subsidiary is registered as a sino-foreign-owned enterprise with limited liability under the PRC law.

^ These subsidiaries are registered as domestic enterprises with limited liabilities under the PRC law.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of the Company and overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments did not have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

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

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

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

3 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below:

- (a) HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.
- (b) HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

- (c) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- (d) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.
- (e) Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

- (f) Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- (g) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:
- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
 - *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.9% – 10%
Plant and machinery	10% – 20%
Furniture and office equipment	20% – 25%
Motor vehicles	16.7%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the following depreciation periods, which are the shorter of the lease terms and the estimated useful lives of the assets:

Leasehold land	50 years
Offices	2 to 3 years
Plant and machinery	3 years

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on the straight-line basis over the lease term.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, inventories, income tax recoverable and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or fair value through profit or loss, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets (debt instrument) refers to how it manages its financial assets (debt instrument) in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets (debt instrument), or both. Financial assets (debt instrument) classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are foreign currency forward contracts that meet the definition of a derivative as defined by HKFRS 9 *Financial Instruments* and are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss, as further detailed in the policy set out for “Derivative financial instruments” below.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment (Continued)

(a) General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

(b) Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost, or as financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) **Financial liabilities at amortised cost**

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(b) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are foreign currency forward contracts that meet the definition of a derivative as defined by HKFRS 9. They are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss, as further detailed in the policy set out for “Derivative financial instruments” below.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Share held for share award scheme

Own equity instruments which are issued by way of issue of new shares and/or repurchased from the market and held by the Company or the Group (treasury shares) under the share award scheme of the Company are recognised directly in the shares held for share award scheme account under equity at cost, which are measured at the grant date fair value of the new shares and cost for the repurchase of the shares, respectively. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Upon vesting, the related costs of the vested awarded shares issued by the Company or repurchased from the market are credited to the shares held for share award scheme account, with a corresponding decrease in the share-based compensation reserve for awarded shares.

For vesting of forfeited or unallocated shares regranted, the related costs of the forfeited or unallocated shares regranted are credited to the shares held under share award scheme account, and the related fair value of the shares regranted are debited to the share-based compensation reserve. The difference between the cost and the fair value of the shares regranted is credited to the share premium account if the fair value is higher than the cost or debited against retained profits if the fair value is less than the cost.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of products

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of processing services

Processing service income is recognised in the accounting period in which the services are rendered.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Payments to state-managed retirement benefit schemes in jurisdictions other than Chinese mainland are charged as expenses when employees have rendered service entitling them to the contributions.

Share award scheme

The Company operates a share award scheme for the purpose of providing incentive for employees to achieve performance goals and aligning the interests of employees directly to the shareholders of the Company through ownership of shares of the Company.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share award scheme (Continued)

The amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the awarded shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to the share-based compensation reserve under equity.

For those awarded shares which are amortised over the vesting periods, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior periods is recognised in profit or loss in the current period with a corresponding adjustment to the share-based compensation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take substantial period of time to get ready for their intended use of sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The financial statements are presented in RMB, which is different from the Company's functional currency, HK\$. As the major revenues and assets of the Group are derived from operations in Chinese mainland, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

Write-down of inventories to net realisable value

Management reviews the condition and ageing analysis of inventories of the Group to identify any obsolete and slow-moving inventory items. Based on such review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable values. The Group estimates the net realisable value for such inventories based on estimated selling prices with reference to the latest invoice prices and current market conditions at the end of the reporting period.

The identification of obsolete and slow-moving inventory items and estimation of net realisable values requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been made. The carrying amount of inventories at 31 December 2025 was RMB1,047,070,000 (2024: RMB744,508,000).

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The information about the ECLs on the Group's trade receivables is disclosed in note 18(b) to the consolidated financial statements. The carrying amount of trade and bills receivables as at 31 December 2025 was RMB586,237,000 (2024: RMB406,222,000).

Revenue from contracts with customers – principal versus agent consideration

The Group applies judgements in regard to whether the Group controls the promised goods before transferring them to the customers and determine its role as a principal for trading of non-ferrous metal products. In this regard, when the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration for the trading transactions.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale and trading of non-ferrous metal products and provision of related processing services to customers. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland (including Hong Kong and Taiwan)	1,783,273	1,452,627
North America	222,441	246,456
South America	1,456	3,318
Asia	96,597	18,024
Europe	123,004	97,636
Oceania	15,084	3,988
Total revenue	2,241,855	1,822,049

The revenue information above is based on the locations of the customers.

(b) Non-current assets

No geographical information about the Group's non-current assets is presented as more than 90% of the Group's non-current assets as at 31 December 2025 and 2024 were located in the Chinese mainland.

Information about a major customer

During each of the years ended 31 December 2025 and 2024, revenue from a customer accounted for 10% or more of the Group's revenue for the reporting period and the amounts of revenue from this customer for each of these years are set out below:

	2025 RMB'000	2024 RMB'000
Customer A	658,315	244,048

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

5. REVENUE

Revenue of the Group for each of the years ended 31 December 2025 and 2024 wholly represented revenue from contracts with customers.

Notes:

(a) Disaggregated revenue information

	2025 RMB' 000	2024 RMB' 000
Types of goods or services		
Tantalum and niobium hydrometallurgical compounds	584,423	584,240
Tantalum and niobium metal and its products	1,209,666	841,055
Trading goods, processing services and others	447,766	396,754
Total	2,241,855	1,822,049
Timing of revenue recognition		
Goods transferred and services transferred at a point in time	2,241,855	1,822,049

Geographical markets

The revenue information by geographical market, based on the locations of the customers, is disclosed in note 4 to the financial statements.

- (b)** The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 RMB' 000	2024 RMB' 000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of non-ferrous metal products	50,290	23,617

(c) Performance obligations

Sale and trading of non-ferrous metal products

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Provision of non-ferrous metal processing services

The performance obligation is satisfied when the services are rendered and payment is generally due within 30 to 90 days from the completion of services, except for new customers, where payment in advance is normally required.

The Group has applied the practical expedient in HKFRS 15 to all of its revenue for not disclosing the remaining performance obligations under the Group's existing contracts as the performance obligations are expected to be recognised as revenue with an original expected duration of one year or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

6. OTHER INCOME AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	1,247	1,834
Government grants*	17,019	18,287
	18,266	20,121
Gains, net		
Fair value gain of derivative financial instruments, net	1,881	687
Foreign exchange difference, net	629	–
Gain from disposal of scrap materials	1,597	2,492
Others	920	788
	5,027	3,967
	23,293	24,088

* Government grants mainly represented (i) additional input value-added tax credit provided by relevant PRC local government authorities to a subsidiary of the Group which is qualified as a High New Technology Enterprise in the PRC and (ii) subsidies received from the PRC local government authorities to support certain subsidiaries' research and development activities. There are no unfulfilled conditions or contingencies relating to these gains.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank loans	19,517	16,004
Discount on bill discounting	5,760	6,914
Interest on lease liabilities	1,894	1,503
	27,171	24,421
Less: Interest capitalised in respect of construction in progress	(471)	–
Total finance costs	26,700	24,421

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold:			
Self-produced goods		1,378,138	1,073,182
Trading goods		342,792	308,579
		1,720,930	1,381,761
Cost of services provided		52,397	43,516
Depreciation of property, plant and equipment	14	30,472	39,120
Depreciation of right-of-use assets	15(a)	8,209	8,052
Research and development expenditure		92,808	73,927
Lease payments not included in the measurement of lease liabilities	15(c)	2,308	141
Auditor's remuneration		2,141	1,911
Employee benefit expense (including directors' remuneration (note 10)):			
Wages and salaries		103,865	93,606
Pension scheme contribution*		14,166	13,096
Equity-settled share award arrangement		2,962	4,177
		120,993	110,879
(Gain)/loss on disposal of items of property, plant and equipment#		151	3,251
Impairment of trade receivables, net#	18(b)	7,746	4,952
Impairment of a non-refundable deposit		–	11,000
Write-down of inventories to net realisable value^		7,496	1,778
Impairment of items of property, plant and equipment#	14	2,502	–
Provision for contribution to a suspended factory#		16,500	–
Foreign exchange differences, net#		(629)	6,008

* There is no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

These items are included in "Other operating expenses, net" in the face of the consolidated statement of profit or loss.

^ This item is included in "Cost of sales" in the face of the consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

	2025 RMB' 000	2024 RMB' 000
Current – Hong Kong profits tax		
Charge for the year	294	849
Under/(over)provision in prior year	35	(805)
Current – The PRC corporate income tax		
Charge for the year	34,974	19,846
Underprovision in prior year	2,659	3,135
	37,962	23,025
Deferred	(5,316)	5,842
Total income tax expense for the year	32,646	28,867

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime in Hong Kong. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Tax on profits assessable in Chinese mainland has been calculated at the PRC corporate income tax ("CIT") rate of 25% (2024: 25%) except that Ximei Resources (Guangdong) Limited and Ximei Resources (Guizhou) Limited which were qualified as high and new technology enterprises enjoyed preferential CIT rates of 15% (2024: 15%) and 15% (2024: 15%), respectively.

- (b) A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory rate of 25% in which the majority of the Group's operating entities are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2025 RMB' 000	%	2024 RMB' 000	%
Profit before tax	215,988		163,043	
Tax expense at the statutory tax rate	53,998	25.0	40,760	25.0
Lower tax rate enacted by local authority	(23,467)	(10.9)	(18,727)	(11.5)
Lower tax rates for subsidiaries operating in other jurisdictions	(411)	(0.2)	(267)	(0.2)
Adjustments in respect of current tax of previous periods	2,694	1.2	2,330	1.4
Additional tax deduction on research and development expenses of PRC subsidiaries	(10,819)	(5.0)	(9,268)	(5.7)
Loss attributable to an associate	880	0.4	673	0.4
Income not subject to tax	(854)	(0.4)	(686)	(0.4)
Expenses not deductible for tax	1,051	0.5	1,246	0.8
Tax loss not recognised	3,634	1.7	3,642	2.2
Temporary differences not recognised	5,940	2.8	3,164	1.9
Effect of withholding taxes in the PRC	–	–	6,000	3.7
Tax expense at the Group's effective rate	32,646	15.0	28,867	17.7

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

9. INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(c) Deferred tax

The movements in deferred tax assets during the year are as follows:

Deferred tax assets

	Deductible temporary differences arising from unrealised profit of intragroup transactions	
	2025 RMB'000	2024 RMB'000
At 1 January	10,199	10,357
Deferred tax charged to profit or loss during the year	(684)	(158)
At 31 December	9,515	10,199

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	42,871	28,333
Deductible temporary differences	42,761	15,903
	85,632	44,236

Deferred tax liabilities

	Taxable temporary differences arising from withholding tax	
	2025 RMB'000	2024 RMB'000
At 1 January	6,000	–
Deferred tax charged/(credited) to profit or loss during the year	(6,000)	6,000
At 31 December	–	6,000

9. INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(c) Deferred tax (Continued)

The above tax losses arising in Chinese mainland are available for a maximum of five years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 5% on dividends distributed by a subsidiary established in the PRC to its foreign investors, if any. At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of this subsidiary established in the PRC (2024: Nil, except for unremitted earnings of this subsidiary of RMB120,000,000 for which dividend had been declared but not yet paid). In the opinion of directors of the Group, it is not probable that a subsidiary will distribute such unremitted earnings in the foreseeable future and the Group is able to control the timing of the distribution, as well as the reversal of the temporary differences. The aggregate amount of temporary differences associated with investments in a subsidiary of the Company in Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately RMB769.2 million (2024: RMB610.6 million) as at 31 December 2025.

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to The Rules Governing the Listing of Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	339	321
Other emoluments:		
Salaries, allowances and benefits in kind	2,518	3,091
Pension scheme contributions	124	119
Equity-settled share award arrangement	177	362
	2,819	3,572
Total	3,158	3,893

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

10. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration for the year, on a named basis, is as follows:

	Fees RMB' 000	Salaries, allowances and benefits in kind RMB' 000	Pension scheme contributions RMB' 000	Equity-settled share award arrangement RMB' 000	Total remuneration RMB' 000
Year ended 31 December 2025					
Executive directors:					
Mr. Wu Lijue*	–	925	16	–	941
Mr. Mao Zili	–	235	–	–	235
Ms. Huang Jieli^	–	1,248	108	177	1,533
	–	2,408	124	177	2,709
Non-executive director:					
Ms. Ouyang Ming	–	110	–	–	110
Independent non-executive directors:					
Mr. Lau Kwok Fai Patrick	137	–	–	–	137
Mr. Zhong Hui	92	–	–	–	92
Ms. Shi Ying%	110	–	–	–	110
Mr. Yin Fusheng@	–	–	–	–	–
	339	–	–	–	339
Total directors' remuneration	339	2,518	124	177	3,158

10. DIRECTORS' REMUNERATION (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award arrangement RMB'000	Total remuneration RMB'000
Year ended 31 December 2024					
Executive directors:					
Mr. Wu Lijue*	–	923	16	–	939
Mr. Mao Zili	–	912	–	–	912
Ms. Huang Jieli^	–	1,147	103	362	1,612
	–	2,982	119	362	3,463
Non-executive director:					
Ms. Ouyang Ming	–	109	–	–	109
Independent non-executive directors:					
Mr. Lau Kwok Fai Patrick	137	–	–	–	137
Mr. Zhong Hui	91	–	–	–	91
Ms. Shi Ying*	84	–	–	–	84
Mr. Yin Fusheng®	9	–	–	–	9
	321	–	–	–	321
Total directors' remuneration	321	3,091	119	362	3,893

* Mr. Wu Lijue is also the chief executive of the Company.

^ Ms. Huang Jieli was appointed as an executive director of the Company on 25 March 2024.

% Ms. Shi Ying was appointed as an independent non-executive director of the Company on 25 March 2024.

® Mr. Yin Fusheng resigned as an independent non-executive director of the Company on 5 February 2024.

Notes:

- There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).
- During the year, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office (2024: Nil).
- There were no other emoluments paid or payable to the independent non-executive directors of the Company during the year (2024: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the year ended 31 December 2025 included one director (2024: one), details of whose remuneration are set out in note 10 above. Details of the remuneration of the four (2024: four) non-director highest paid employees for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	4,682	4,889
Pension scheme contributions	490	398
Equity-settled share award arrangement	720	1,449
Total	5,892	6,736

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	4	3
HK\$1,500,001 to HK\$2,000,000	–	1
Total	4	4

During the year, no remuneration was paid by the Group to any of these non-director highest paid employees as an inducement to join or upon joining the Group, or as a compensation for loss of office (2024: Nil). There was no arrangement under which any of these non-director highest paid employees waived or has agreed to waive any emoluments during the year (2024: Nil).

12. DIVIDEND

	2025 RMB'000	2024 RMB'000
Proposed final – HK6.58 cents (2024: HK5.56 cents) per ordinary share	22,581	18,254

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts presented is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares used in the calculation is (i) the weighted average number of ordinary shares outstanding during the year; less (ii) the weighted average number of ordinary shares held under the share award scheme of the Company during the year.

The calculation of the diluted earnings per share amounts presented is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares used in the basic earnings per share calculation; and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration during the year in respect of the unvested share awards granted under the share award scheme of the Company.

The calculations of the basic and diluted earnings per share amounts are based on the following data:

	2025 RMB' 000	2024 RMB'000
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	171,597	124,195

	2025	2024
Number of ordinary shares		
Weighted average number of ordinary shares outstanding less weighted average number of shares held by trustee under the share award scheme of the Company during the year, used in the basic earnings per share calculation	358,406,322	358,590,219
Effect of dilution – weighted average number of ordinary Shares: Share awards	1,236,579	3,741
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	359,642,901	358,593,960

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB' 000 (note (a))	Plant and machinery RMB' 000	Furniture and office equipment RMB' 000	Motor vehicles RMB' 000	Construction in progress RMB' 000	Total RMB' 000
31 December 2025						
At 1 January 2025:						
Cost	177,739	295,052	6,951	10,136	27,251	517,129
Accumulated depreciation	(40,475)	(80,968)	(3,236)	(5,476)	–	(130,155)
Net carrying amount	137,264	214,084	3,715	4,660	27,251	385,974
Net carrying amount:						
At 1 January 2025	137,264	214,084	3,715	4,660	27,251	385,974
Additions	–	–	13	–	129,597	129,610
Transfers and reclassification	1,698	35,302	960	272	(38,232)	–
Transfer to right-of-use assets	–	(943)	–	–	–	(943)
Provision for impairment (note (c))	(2,468)	–	–	–	(34)	(2,502)
Depreciation provided during the year	(6,274)	(22,317)	(1,024)	(857)	–	(30,472)
Disposals	(1,236)	(11,805)	(327)	(262)	–	(13,630)
At 31 December 2025	128,984	214,321	3,337	3,813	118,582	469,037
At 31 December 2025:						
Cost	179,438	330,354	7,923	10,411	118,582	646,708
Accumulated depreciation	(50,454)	(116,033)	(4,586)	(6,598)	–	(177,671)
Net carrying amount	128,984	214,321	3,337	3,813	118,582	469,037

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000 (note (a))	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	177,235	238,735	7,440	8,239	64,234	495,883
Accumulated depreciation	(31,728)	(72,685)	(1,729)	(4,401)	–	(110,543)
Net carrying amount	145,507	166,050	5,711	3,838	64,234	385,340
Net carrying amount:						
At 1 January 2024	145,507	166,050	5,711	3,838	64,234	385,340
Additions	–	1,141	–	–	20,122	21,263
Transfers and reclassification	506	55,177	(489)	1,911	(57,105)	–
Transfer from right-of-use assets	–	28,992	–	–	–	28,992
Transfer to right-of-use assets	–	(3,193)	–	–	–	(3,193)
Depreciation provided during the year	(7,612)	(29,352)	(1,187)	(969)	–	(39,120)
Disposals	(1,137)	(4,731)	(322)	(120)	–	(6,310)
Exchange realignment	–	–	2	–	–	2
At 31 December 2024	137,264	214,084	3,715	4,660	27,251	386,974
At 31 December 2024:						
Cost	177,739	295,052	6,951	10,136	27,251	517,129
Accumulated depreciation	(40,475)	(80,968)	(3,236)	(5,476)	–	(130,155)
Net carrying amount	137,264	214,084	3,715	4,660	27,251	386,974

Notes:

- (a) At 31 December 2025, building ownership certificates for certain buildings of the Group with an aggregate carrying amount of approximately RMB17,132,000 (2024: RMB25,660,000) have not yet been obtained. In the opinion of the Company's directors, the risk of the Group not being able to obtain the legal titles for the relevant properties is low and the Group will continue to complete the ownership registration of the buildings.
- (b) At 31 December 2025, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB85,257,000 (2024: RMB91,766,000) were pledged to secure the Group's bank loans (note 23(b)).
- (c) During the year ended 31 December 2025, due to the suspension of the construction of a factory located in Guizhou province, the Group had fully impaired the relevant leasehold improvement and construction in progress amounting to total RMB2,502,000 since the Group assessed the recoverable amount to be minimal.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, plant and machinery and offices used in its operations. Lump sum payments were made upfront to acquire most of the leased land located in Guangdong from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Lease of a factory building in Guangdong has a lease term of 8 years and contains a purchase option that the Group is reasonably certain to exercise during the lease term. Leases of plant and machinery and offices generally have lease terms between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets of the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Factory building RMB'000	Plant and machinery RMB'000	Offices RMB'000	Total RMB'000
At 1 January 2024	58,468	–	37,726	2,789	98,983
Additions	53	–	1,718	1,169	2,940
Depreciation provided during the year	(1,291)	–	(5,084)	(1,677)	(8,052)
Transfer from property, plant and equipment	–	–	3,193	–	3,193
Transfer to property, plant and equipment	–	–	(28,992)	–	(28,992)
Exchange realignment	–	–	–	9	9
At 31 December 2024 and 1 January 2025	57,230	–	8,561	2,290	68,081
Additions	29,989	240,750	–	1,561	272,300
Depreciation provided during the year	(1,829)	(2,376)	(1,750)	(2,254)	(8,209)
Transfer from property, plant and equipment	–	–	943	–	943
Adjustment	(719)	–	–	–	(719)
Exchange realignment	–	–	–	(93)	(93)
At 31 December 2025	84,671	238,374	7,754	1,504	332,303

Notes:

- (i) At 31 December 2025, certain of the Group's leasehold lands with a net carrying amount of approximately RMB47,267,000 (2024: RMB48,335,000) were pledged to secure the Group's bank loans (note 23(b)).
- (ii) At 31 December 2025, the ownership certificate in respect of certain leasehold land of the Group with an aggregate carrying amount of approximately RMB6,576,000 (2024: RMB7,868,000) have yet been obtained. In the opinion of the Company's directors, the risk of the Group not being able to obtain the legal titles for the relevant land is low and the Group will continue to complete the ownership registration of the land.

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	2025 RMB' 000	2024 RMB'000
At 1 January	7,913	18,023
New leases	262,102	2,887
Accretion of interest recognised during the year	1,894	1,503
Payments	(6,593)	(14,502)
Exchange realignment	(11)	2
At 31 December	265,305	7,913
Portion classified as current liabilities	(12,722)	(5,312)
Non-current portion	252,583	2,601

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB' 000	2024 RMB'000
Interest on lease liabilities	1,894	1,503
Expense related to leases of low-value assets (included in administrative expenses)	2,308	141
Depreciation of right-of-use assets	8,209	8,052
Total amount recognised in profit or loss	12,411	9,696

(d) The total cash outflow for leases is disclosed in note 27(c) to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

16. INVESTMENT IN AN ASSOCIATE

	2025 RMB' 000	2024 RMB'000
Share of net assets	29,589	35,459
Due from an associate	–	9,140
Due to an associate	(49,895)	(43,974)
Total interest in an associate	(20,306)	625

Notes:

- (a) Particulars of the Group's associate, which is indirectly held by the Company, as at 31 December 2025 are as follows:

Company name	Paid-up capital/ registered capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Percentage of voting rights held by the Group	Principal activities
CNNC Huazhong New Materials Co., Ltd.* ("CNNC Huazhong") 中核華中新材料有限公司 (Note a)	RMB84,618,000/ RMB100,000,000	PRC/Chinese mainland	45%	45%	Manufacture and sale of non-ferrous metal products

* The English name of this company is the direct translation of its Chinese name as no English name has been registered.

- (b) During the year ended 31 December 2024, the Group had additional capital contribution of RMB15,382,000 to CNNC Huazhong and the Group's equity interest in it remained to be 45%. No additional capital contribution is noted during the year ended 31 December 2025.
- (c) The amounts due from/to an associate is unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	441,588	251,302
Work in progress	340,492	268,051
Finished goods	264,990	225,155
	1,047,070	744,508

Certain of the Group's inventories were goods held for trading as at 31 December 2025 and 2024.

18. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	470,645	287,210
Less: Impairment	(12,649)	(4,903)
	457,996	282,307
Bills receivable	128,241	123,915
	586,237	406,222

Notes:

- (a) The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	313,596	211,100
1 to 2 months	182,016	80,694
2 to 3 months	38,254	62,617
Over 3 months	52,371	51,811
Total	586,237	406,222

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

18. TRADE AND BILLS RECEIVABLES (Continued)

Notes: (Continued)

- (b) In respect of trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	4,903	2,145
Impairment recognised during the year	7,746	4,952
Amounts written-off	–	(2,194)
At end of year	12,649	4,903

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2025

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.92%	0.92%	65.60%	65.60%	2.7%
Gross carrying amount (RMB'000)	411,525	46,287	6,720	6,113	470,645
Expected credit losses (RMB'000)	3,803	428	4,408	4,010	12,649

At 31 December 2024

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.24%	0.24%	7.84%	7.84%	1.7%
Gross carrying amount (RMB'000)	151,311	80,453	51,115	4,331	287,210
Expected credit losses (RMB'000)	365	194	4,005	339	4,903

In respect of bills receivables, they are all banker's acceptance bills and there was no recent history of default for bills receivable. As at 31 December 2025 and 2024, the loss allowance on these receivables was assessed to be minimal.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Non-current:			
Deposits	(a)	22,000	32,000
Prepayments for acquisition of property, plant and equipment		49,692	29,277
		71,692	61,277
Impairment allowance	(a)	(11,000)	(11,000)
Total		60,692	50,277
Current:			
Prepayments	(b)	117,805	227,680
Other tax recoverable		22,937	14,250
Deposits and other receivables	(c)	13,186	8,531
Total		153,928	250,460

Notes:

- (a) The Group has paid deposits of RMB11,000,000 (2024: RMB11,000,000), RMB11,000,000 (2024: RMB11,000,000) and nil (2024: RMB10,000,000) for the purchase of two (2024: three) new factories in Guizhou province and Guangdong province (2024: Guizhou province and Guangdong province) from two (2024: three) independent third parties. As at 31 December 2025, the construction of certain factory buildings have not yet been completed and the ownership of certain of the associated land to which the factories are adhered have not yet been obtained by the independent third parties. In this regard, the Group is currently leasing from the third parties certain completed factory buildings for the Group's operations. When the constructions of the factories have been completed and the ownership of the land has been obtained by the third parties, the Group will purchase the factories from the third parties at terms stipulated in the agreements separately entered into with the third parties and the aforesaid deposits paid will be applied to offset the then consideration payable.

During the year ended 31 December 2025, one of the above factories located in Guangdong province is substantially completed and leased to the Group, upon which the corresponding deposit of RMB10,000,000 is reclassified to "Right-of-use assets" (note 15).

During the year ended 31 December 2024, the Group had fully impaired one of the deposits amounting to RMB11,000,000 since the Group assessed the recoverable amount to be minimal upon a suspension of the relevant construction of a factory by one of the independent third parties.

Since the completion of the purchases of the new factories from the independent third parties is dependent on, amongst others, (i) the ultimate procurement of ownership of the relevant land by the third parties; and (ii) the finalisation of the construction costs of the factories, which, in the opinion of the directors, remain highly uncertain or cannot be reliably measured as at 31 December 2025. Accordingly, the capital commitments disclosed in note 28 to the financial statements did not include the purchases of these factories.

- (b) Included in the balance was a prepayment paid to an associate of the Group amounting to RMB9,600,000 (2024: Nil).
- (c) The financial assets included in the above balances relate to receivables for which there are no recent history of default and past due amounts. At 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

20. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	431,492	182,039
Less: pledged deposits (note)	(96,440)	–
Total cash and bank balances	335,052	182,039

Note:

At 31 December 2025, bank deposits of RMB14,673,000 (2024: Nil), RMB40,767,000 (2024: Nil) and RMB41,000,000 (2024: Nil) were pledged to secure the Group's bills payable (note 21), bank loans (note 23) and discounted bills (note 23), respectively.

At 31 December 2025, the Group's cash and cash equivalents denominated in RMB amounted to RMB217,587,887 (2024: RMB145,599,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	108,604	27,323
1 to 2 months	14,951	24,011
2 to 3 months	411	764
Over 3 months	11,252	10,168
Total	135,218	62,266

Trade payables are non-interest-bearing and are normally settled on 40-day terms.

Certain of the Group's bills payable with a total carrying amount of RMB43,703,000 (2024: Nil) as at 31 December 2025 were secured by the pledge of the Group's bank deposits with net carrying amounts of RMB14,673,000 (2024: Nil).

22. PROVISION, OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Contract liabilities	(a)	22,619	50,290
Other payables	(b)	19,757	11,726
Accruals		46,956	40,973
Other tax payables		688	1,247
Provision	(c)	16,500	–
Deferred income	(d)	12,280	8,886
Total		118,800	113,122

22. PROVISION, OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 RMB' 000	31 December 2024 RMB' 000	1 January 2024 RMB' 000
Short-term advances received from customers			
Sale of non-ferrous metal products	22,619	50,290	23,617

Contract liabilities include short-term advances received to deliver goods. The decrease (2024: increase) in contract liabilities in 2025 was mainly due to the decrease (2024: increase) in orders from customers for the Group's products close to the end of the year.

(b) Other payables are non-interest-bearing and have an average credit term of three months.

(c) The provision relates to a potential contribution to a suspended factory construction project in Guizhou province as at 31 December 2025.

(d) Deferred income represents government grants received from the PRC local government authorities to support a subsidiary's research and development activities and acquisition of property, plant and equipment. The government grants received for the acquisition of property, plant and equipment are recognised as deferred income, which is amortised over the estimated useful lives of the relevant property, plant and equipment.

23. BANK BORROWINGS

	2025			2024		
	Effective interest rate %	Maturity	RMB' 000	Effective interest rate %	Maturity	RMB' 000
Current						
Bank loans – unsecured	2.18-3.5	2026	499,130	2.3-2.6	2025	328,064
Bank loans – secured	2.2-3.4	2026	111,945	2.8-4.2	2025	72,185
Discounted bills			195,050			70,000
Total – current			806,125			470,249
Non-current						
Bank loans – secured	2.6-3.4	2033	39,785	3.6-4.2	2027-2028	57,246
Bank loans – unsecured	2.35-3.5	2027-2033	157,048	3.1-3.6	2026-2029	71,854
Total – non-current			196,833			129,100
			1,002,958			599,349

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

23. BANK BORROWINGS (Continued)

Notes:

- Certain bank loans of the Group as at 31 December 2025 with an aggregate carrying amount of RMB807,908,000 (2024: RMB529,349,000) were guaranteed by the Company and/or certain of its subsidiaries.
- Certain of the Group's bank loans with a total carrying amount of RMB151,730,000 (2024: RMB129,431,000) as at 31 December 2025 were secured by the pledge of certain of the Group's leasehold land, property, plant and equipment and bank deposits with net carrying amounts of approximately RMB57,167,000 (2024: RMB48,335,000), RMB85,178,000 (2024: RMB91,766,000) and RMB40,767,000 (2024: Nil), respectively.
- Certain of the Group's discounted bills with a total carrying amount of RMB165,000,000 (2024: Nil) as at 31 December 2025 were secured by the pledge of the Group's bank deposits with net carrying amounts of RMB41,000,000 (2024: Nil).
- All bank borrowings are denominated in RMB.

24. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.01 each	10,000	10,000

	2025 HK\$'000	Equivalent to RMB'000	2024 HK\$'000	Equivalent to RMB'000
Issued and fully paid: 380,000,000 (2024: 360,000,000) ordinary shares of HK\$0.01 each	3,800	3,410	3,600	3,228

	Note	Number of shares in issue	Share capital RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025		360,000,000	3,228
Issue of new shares	(a)	20,000,000	186
Share issue expenses		–	(4)
At 31 December 2025		380,000,000	3,410

Note:

- On 30 September 2025, 20,000,000 ordinary shares of HK\$0.01 each in par value were newly issued by the Company following a placing under general mandate at a total cash consideration of HK\$100,000,000, resulting in an increase in share capital of HK\$200,000 (equivalent to RMB186,000) and share premium of HK\$98,000,000 (equivalent to RMB90,198,000).

25. SHARE-BASED PAYMENT SCHEMES

Share award scheme

The Company's share award scheme (the "Share Award Scheme") was adopted pursuant to a resolution passed on 5 December 2022. The purpose of the Share Award Scheme is to recognise the contribution by certain employees, officers or directors of the Group (the "Eligible Participants") and to provide them with incentives in order to retain them for the continual operation and development of the Group; and also to attract suitable personnel for further development of the Group. Under the Share Award Scheme, the vesting period of awards shall not be less than 12 months in general. The Share Award Scheme became effective on 5 December 2022 and, unless otherwise terminated or amended, will remain in force for 10 years.

Pursuant to the terms of the Share Award Scheme, the Company has appointed a trustee (the "Trustee") to administer the award shares under the Share Award Scheme. The Board may from time to time instruct the Trustee in writing to purchase shares on the Stock Exchange or accept and receive a specified number of shares from any significant shareholder or any party designated by the Company, unless during the year in which the directors of the Company are prohibited by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by the Company.

In any given financial year of the Company, the maximum number of shares which may be allotted and granted in respect of all awards to be granted, when aggregate with share option scheme of the Company, shall not exceed 10% of the number of shares in issue as at on the date on which the Share Award Scheme is adopted by the Company.

The directors would notify the Trustee of the Share Award Scheme in writing upon the grant of any award to any participants. Upon the receipt of such notice, the Trustee would set aside the appropriate number of awarded shares in the pool of shares. New shares would be allotted and issued to satisfy the awards granted under the Share Award Scheme in accordance with the Share Award Scheme.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

25. SHARE-BASED PAYMENT SCHEMES (Continued)

Share award scheme (Continued)

Movements of the Company's shares held under the Share Award Scheme are as follows:

	Note	Number of ordinary shares held under share award scheme account	Amount RMB'000
At 1 January 2024		552,500	1,959
Purchased during the year	(a)	2,517,500	7,094
Vested and allocated during the year		(1,500,000)	(3,963)
At 31 December 2024 and 1 January 2025		1,570,000	5,090
Purchased during the year		370,000	2,289
Vested and allocated during the year		(740,000)	(4,653)
At 31 December 2025		1,200,000	2,726

- (a) During the year ended 31 December 2025, the Trustee purchased 370,000 (2024: 2,517,500) shares of the Company on the Stock Exchange at a total consideration of HK\$2,556,000 (equivalent to RMB2,289,000) (2024: HK\$7,780,000 (equivalent to RMB7,094,000)).

As at 31 December 2025, 1,200,000 (2024: 1,570,000) ordinary shares of the Company were held by the Trustee of the Share Award Scheme.

- (b) On 18 November 2024, the Company granted 260,000 award shares to a director, namely Ms. Huang Jieli, and 2,740,000 awarded shares to other employees of the Group. Further details of the grant are set out in the announcement of the Company dated 18 November 2025.

No share awards were granted under the Share Award Scheme during the year ended 31 December 2025.

Subject to the acceptance of the Eligible Participants and that the Eligible Participants remain as eligible persons, the awarded shares will be transferred to the Eligible Participants at nil consideration while vested.

25. SHARE-BASED PAYMENT SCHEMES (Continued)

Share award scheme (Continued)

(b) (Continued)

The fair value of equity-settled share awards granted during the year ended 31 December 2024 amounted to RMB8,354,000 in total, which was determined based on the closing market price at the date of the grant.

The Group recognised a share award expense of RMB2,962,000 (2024: RMB4,177,000) for the year ended 31 December 2025, in respect of the awarded shares granted during the year.

Movement in the number of the awarded shares and their related average fair value are as follows:

	2025		2024	
	Average fair value HK\$ per share	Number of shares	Average fair value HK\$ per share	Number of shares
At 1 January	3.01	1,500,000	–	–
Granted	–	–	3.01	3,000,000
Vested	3.01	(740,000)	3.01	(1,500,000)
Cancelled	3.01	(20,000)	–	–
At 31 December	3.01	740,000	3.01	1,500,000

Share option scheme

The Company's share option scheme (the "Share Option Scheme") was adopted for the purpose of providing incentives and rewards to Eligible Participants for their contribution to the growth and development of the Group; to attract and retain personnel to promote the sustainable development of the Group; and to align the interest of the Eligible Participants with those of the shareholders to promote the long-term financial and business performance of the Company.

The Share Option Scheme became effective on 19 February 2020, which has been amended on 5 December 2022 and, unless otherwise terminated or amended, will remain in force for 10 years. The total number of shares which may be issued upon exercise of all share options and awards to be granted under the Share Option Scheme and any other share schemes of the Group must not in aggregate exceed 10% of the Company's shares in issue as at the date of approval of the Share Option Scheme.

The number of shares in respect of which options and awards may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time unless prior approval has been obtained from the Company's shareholders. Options and awards granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital must be approved in advance by the Company's shareholders.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

25. SHARE-BASED PAYMENT SCHEMES (Continued)

Share option scheme (Continued)

Options granted must be taken up within 21 days of the date of offer of grant, upon payment of HK\$1 per option. Options may be exercised at any time during a period to be determined and notified by the board of directors to each grantee, which period may commence from the date of grant of the share option to the 10th anniversary of the date of grant. There is a minimum period of 12 months for which an option must be held before the exercise of the subscription right attaching hereto except otherwise imposed by the board of directors.

The exercise price is specified in the rules governing the Share Option Scheme and shall not be lower than the highest of the (i) closing price of the ordinary shares of the Company on the Stock Exchange on the date of the offer of grant of options; (ii) the average closing price of the ordinary shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the grant of the options; and (iii) the nominal value of an ordinary share of the Company.

No share option has been granted since the adoption of the Share Option Scheme.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve of the Group includes (i) capital contribution by the shareholder for a reorganisation completed on 31 August 2017; and (ii) gain and loss on deemed disposals of partial interests in subsidiaries without loss of control.

Merger reserve

The Group's merger reserve mainly represents the deemed contribution by and distribution to the controlling shareholder pursuant to a reorganisation completed on 31 August 2017.

PRC statutory reserve

Pursuant to the relevant laws and regulations in Chinese mainland, a portion of the profits of the Company's subsidiaries in Chinese mainland has been transferred to the PRC statutory reserve which is restricted as to use.

Specific reserve

The Group's specific reserve represents the safety production fund provided in accordance with the relevant PRC regulations. The Group is required to transfer an amount to specific reserve for the safety production fund based on the turnover of the relevant subsidiaries of the Group. Such reserve is reduced for expenses incurred for safety production purposes or when safety production related equipment is purchased.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets of RMB272,102,000 (including a reclassification of RMB10,000,000 from prepayments, deposits and other receivables) and lease liabilities of RMB262,102,000, in respect of lease arrangements for a factory building, offices and plant and machinery.

(b) Changes in liabilities arising from financing activities:

	Bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	638,678	18,023
Changes from financing cash flows	(39,329)	(12,999)
New leases	–	2,887
Interest expense	–	1,503
Interest paid classified as operating cash flows	–	(1,503)
Exchange realignment	–	2
At 31 December 2024 and 1 January 2025	599,349	7,913
Changes from financing cash flows	403,609	(4,699)
New leases	–	262,102
Interest expense	–	1,894
Interest paid classified as operating cash flows	–	(1,894)
Exchange realignment	–	(11)
At 31 December 2025	1,002,958	265,305

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	4,202	1,644
Within financing activities	4,699	12,999
Total	8,901	14,643

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

28. CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Plant and equipment	160,400	37,740

29. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the current and prior years:

	Notes	2025 RMB'000	2024 RMB'000
Lease payments for properties:			
Jiawei Resources Limited	(i)	416	338
Mr. Wu Lijue	(ii)	1,387	1,387
Sales of non-ferrous metal products:			
CNNC Huazhong	(iii)	–	9,140
Purchases of non-ferrous metal materials:			
CNNC Huazhong	(iv)	212,230	43,974
Receipt of storage services:			
CNNC Huazhong	(v)	19	–
Purchases of non-ferrous metal materials:			
Ningdu Ganfeng Lithium Co., Ltd.	(vi)	1,181	–
Receipt of consultancy services:			
Bonavista Capital Limited	(vii)	381	–

Notes:

- (i) The Group leased an office property from Jiawei Resources Limited, the ultimate holding company of the Group. The monthly lease payments for the property which is located in Hong Kong were paid or payable by the Group to the fellow subsidiary based on terms as agreed by the relevant parties as set out in a tenancy agreement.

As at 31 December 2025, a right-of-use asset of RMB542,000 (2024: RMB916,000) and a lease liability of RMB547,000 (2024: RMB911,000) in respect of the lease were recognised in the consolidated statement of financial position; and during the year, depreciation of the right-of-use asset of RMB367,000 (2024: RMB179,000) and interest expense on the lease liability of RMB38,000 (2024: RMB26,000) were charged to profit or loss.

29. RELATED PARTY DISCLOSURES (Continued)

(a) (Continued)

Notes: (Continued)

- (ii) The Group leased office properties from Mr. Wu Lijue, a director and the controlling shareholder of the Company. The monthly lease payments for the properties which are located in Chinese mainland were paid or payable by the Group to the Company's controlling shareholder based on terms as agreed by the relevant parties as set out in the tenancy agreements.

As at 31 December 2025, right-of-use assets of nil (2024: RMB1,296,000) and lease liabilities of nil (2024: RMB1,352,000) in respect of the leases were recognised in the consolidated statement of financial position. During the year, depreciation of the right-of-use assets of RMB1,296,000 (2024: RMB1,296,000) and interest expense on the lease liabilities of RMB34,500 (2024: RMB96,000) were charged to profit or loss.

- (iii) The sales to an associate were made according to the published prices and conditions offered to the major customers of the Group.
- (iv) The purchases from an associate were made according to the published prices and conditions offered by the associate to its major customers.
- (v) The receipt of services from an associate were made according to the published prices and conditions offered by the associate to its major customers.
- (vi) The purchases from a related party were made according to the published prices and conditions offered by the related party to its major customers.
- (vii) The receipt of services from a related party were made according to the published prices and conditions offered by the related party to its major customers.

(b) Compensation of key management personnel of the Group:

	2025 RMB' 000	2024 RMB' 000
Short term employee benefits	7,050	7,155
Post-employment benefits	540	415
Equity-settled share award arrangement	775	1,449
Total compensation paid to key management personnel	8,365	9,019

Further details of the directors' emoluments are included in note 10 to the financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities of the Group as at 31 December 2025 and 2024 are classified as financial assets and liabilities at amortised cost, respectively, except for derivative financial instruments which are classified as financial liabilities at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	2025 RMB' 000	2024 RMB' 000	2025 RMB' 000	2024 RMB' 000
Bank borrowings	1,002,958	599,349	967,082	506,627

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of other financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total RMB\$' 000
	Quoted prices in active markets (Level 1) RMB\$' 000	Significant observable inputs (Level 2) RMB\$' 000	Significant unobservable inputs (Level 3) RMB\$' 000	
At 31 December 2025				
Bank borrowings	–	–	967,082	967,082

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

	Fair value measurement using			Total RMB\$'000
	Quoted prices in active markets (Level 1) RMB\$'000	Significant observable inputs (Level 2) RMB\$'000	Significant unobservable inputs (Level 3) RMB\$'000	
At 31 December 2024				
Bank borrowings	–	–	506,627	506,627

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade payables, other payables and lease liabilities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank balances and bank loans. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2025		
RMB	100	(5,903)
US\$	100	1,583
HK\$	100	553
RMB	(100)	5,903
US\$	(100)	(1,583)
HK\$	(100)	(533)
31 December 2024		
RMB	100	(3,868)
US\$	100	268
HK\$	100	127
RMB	(100)	3,868
US\$	(100)	(268)
HK\$	(100)	(127)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the units' functional currencies. During the year ended 31 December 2025, approximately 28.77% (2024: 34.19%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale. Such exposures also arise from bank balances and bank loans denominated in currencies other than the units' functional currencies. The Group has employed financial derivatives, including swaps and forwards, to moderately hedge against certain exchange rate exposures. Management monitors foreign exchange exposures on a regular basis and flexibly adjusts the strategy for these derivatives.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
31 December 2025		
If RMB weakens against US\$	1	2,138
If RMB weakens against HK\$	1	553
If RMB strengthens against US\$	(1)	(2,138)
If RMB strengthens against HK\$	(1)	(553)
31 December 2024		
If RMB weakens against US\$	1	410
If RMB weakens against HK\$	1	127
If RMB strengthens against US\$	(1)	(410)
If RMB strengthens against HK\$	(1)	(127)

Credit risk

Credit risk of the Group's financial assets, which comprise cash and bank balances, trade and other receivables, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

At the end of the reporting period, the Group had certain concentration of credit risk as 78.7% (2024: 58.6%) of the Group' trade receivables were due from the five largest debtors, while 57.5% (2024: 37.1%) of the total trade receivables were due from the largest debtor.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for the financial assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

At 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB' 000
	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Simplified approach RMB' 000	
Trade receivables*	–	–	–	470,645	470,645
Bills receivable – Normal**	128,241	–	–	–	128,241
Financial assets included in prepayments, deposits and other receivables – Normal**	13,186	–	–	–	13,186
Cash and cash equivalents – Not yet past due	431,492	–	–	–	431,492
	572,919	–	–	470,645	1,043,564

At 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB' 000
	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Simplified approach RMB' 000	
Trade receivables*	–	–	–	287,210	287,210
Bills receivable – Normal**	123,915	–	–	–	123,915
Financial assets included in prepayments, deposits and other receivables – Normal**	8,531	–	–	–	8,531
Cash and cash equivalents – Not yet past due	182,039	–	–	–	182,039
	314,485	–	–	287,210	601,695

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 18 to the financial statements.

** The credit quality of bills receivable and financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets have a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2025

	On demand and within 1 year RMB' 000	1 to 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Trade and bills payables	135,218	–	–	135,218
Other payables and accruals	66,713	–	–	66,713
Bank borrowings	811,964	207,289	–	1,019,253
Lease liabilities	20,776	266,553	1,512	288,841
	1,034,671	473,842	1,512	1,510,025

At 31 December 2024

	On demand and within 1 year RMB' 000	1 to 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Trade payables	62,266	–	–	62,266
Other payables and accruals	52,699	–	–	52,699
Bank borrowings	474,928	130,859	–	605,787
Lease liabilities	4,814	2,352	1,512	8,678
	594,707	133,211	1,512	729,430

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The Group has the following borrowings as at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Bank borrowings	1,002,958	599,349
Lease liabilities	265,305	7,913
	1,268,263	607,262
Analysed into amount repayable:		
Within one year or on demand	818,847	474,638
In the second year	92,563	95,844
In the third to fifth years, inclusive	293,649	35,401
Over five years	63,204	1,379
Total	1,268,263	607,262

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards its total equity as capital and manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total bank borrowings excluding proceeds from discounted bills, less cash and bank balances divided by total equity. The gearing ratios as at the end of the reporting period were as follows:

	2025 RMB'000	2024 RMB'000
Total bank borrowings excluding proceeds from discounted bills less cash and cash equivalents	376,416	347,310
Total equity	1,543,500	1,300,625
Gearing ratio	24.4%	26.7%

33. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current year's presentation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property plant and equipment	2	5
Investment in a subsidiary	136,399	133,440
Total non-current assets	136,401	133,445
CURRENT ASSETS		
Prepayments and other receivables	–	43,895
Due from subsidiaries	319,360	248,853
Cash and bank balances	53,057	15,721
Total current assets	372,417	308,469
CURRENT LIABILITIES		
Other payables and accruals	956	1,388
Income tax payable	2	–
Total current liabilities	958	1,388
NET CURRENT ASSETS	371,459	307,081
TOTAL ASSETS LESS CURRENT LIABILITIES	507,860	440,526
NON-CURRENT LIABILITY		
Due to a subsidiary	19,817	19,817
Net assets	488,043	420,709
EQUITY		
Issued capital	3,410	3,228
Reserves (note)	484,633	417,481
Total equity	488,043	420,709

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Share Premium RMB'000	Shares held for share award scheme RMB'000	Share award reserve RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/(accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	328,184	(1,959)	–	34,347	9,746	(33,249)	337,069
Profit for the year	–	–	–	–	–	77,101	77,101
Exchange differences on translation of the Company's financial statements	–	–	–	–	6,226	–	6,226
Total comprehensive income for the year	–	–	–	–	6,226	77,101	83,327
Equity-settled share-based arrangement	–	–	4,177	–	–	–	4,177
Purchase of shares under share award scheme	–	(7,094)	–	–	–	–	(7,094)
Vesting of share awards	–	3,963	(3,963)	–	–	–	–
At 31 December 2024 and 1 January 2025	328,184	(5,090)	214	34,347	15,972	43,852	417,479
Profit for the year	–	–	–	–	–	2,877	2,877
Exchange differences on translation of the Company's financial statements	–	–	–	–	(8,340)	–	(8,340)
Total comprehensive income/(loss) for the year	–	–	–	–	(8,340)	2,877	(5,463)
Issue of new shares	90,198	–	–	–	–	–	90,198
Equity-settled share-based arrangement	–	–	2,962	–	–	–	2,962
Purchase of shares under share award scheme	–	(2,289)	–	–	–	–	(2,289)
Vesting of share awards	–	4,653	(3,176)	–	–	(1,477)	–
2024 final dividend paid	–	–	–	–	–	(18,254)	(18,254)
At 31 December 2025	418,382	(2,726)	–	34,347	7,632	26,998	484,633

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

FINANCIAL SUMMARY

The following table summarises the consolidated results and consolidated assets and liabilities of our Group for the five years ended 31 December:

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
CONSOLIDATED RESULTS					
Revenue	2,241,855	1,822,049	1,403,169	1,019,600	763,725
Gross profit	468,528	396,772	310,424	305,900	205,520
Profit before tax	215,988	163,043	117,706	124,134	118,550
Income tax expense	(32,646)	(28,867)	(14,169)	(16,667)	(16,485)
Profit for the year	183,342	134,176	103,537	107,467	102,065
Attributable to:					
Shareholders of the Company	171,597	124,195	87,142	104,734	102,065

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	3,123,842	2,143,443	1,928,229	1,699,082	1,082,375
Total liabilities	1,580,342	842,818	(822,049)	(696,976)	(459,598)
Equity attributable to shareholders of the Company	1,413,014	1,178,284	1,106,180	1,002,106	622,777