



# 愛德新能源投資控股集團有限公司

Add New Energy Investment Holdings Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2623



**ANNUAL  
REPORT  
2025**



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Wei Jiaming (*Chairperson*) (*appointed on 18/12/2025*)  
Geng Guohua (*Chief Executive Officer*)  
Li Yunde (*resigned on 8/1/2026*)  
Lang Weiguo (*resigned on 8/1/2026*)  
Ng Hoi Kam (*appointed on 18/12/2025*)  
Liao Daxue (*appointed on 18/12/2025*)  
Chen Hongzheng (*appointed on 18/12/2025*)

### Non-executive Directors

He Guangping (*Vice-chairman*) (*appointed on 8/1/2026*)  
Zhao Ju (*appointed on 18/12/2025*)  
Xia Chun (*appointed on 18/12/2025*)  
Wang Dong (*appointed on 18/12/2025*)  
Cheng Yan (*appointed on 8/1/2026*)

### Independent Non-executive Directors

Leung Nga Tat (*resigned on 8/1/2026*)  
Li Xiaoyang (*resigned on 8/1/2026*)  
Zhang Jingsheng (*resigned on 8/1/2026*)  
Cheng Shuk Teh Esther (*resigned on 8/1/2026*)  
Xie Jie (*appointed on 18/12/2025*)  
Wong Chi Wah (*appointed on 18/12/2025*)  
Liu Haitian (*appointed on 8/1/2026*)  
Liu Huangsong (*appointed on 8/1/2026*)  
Yuan Yuan (*appointed on 8/1/2026*)

## COMPANY SECRETARY

Chan Yuen Ying, Stella (*resigned on 31/12/2025*)  
Tam Chi Ming George (*appointed on 31/12/2025*)

## AUTHORISED REPRESENTATIVES

Geng Guohua  
Chan Yuen Ying, Stella (*resigned on 31/12/2025*)  
Tam Chi Ming George (*appointed on 31/12/2025*)

## AUDIT COMMITTEE

Leung Nga Tat (*Committee Chairman*)  
(*resigned on 8/1/2026*)  
Li Xiaoyang (*resigned on 8/1/2026*)  
Zhang Jingsheng (*resigned on 8/1/2026*)  
Cheng Shuk Teh Esther (*resigned on 8/1/2026*)  
Wong Chi Wah (*Committee Chairman*)  
(*with effect from 8/1/2026*)  
Xie Jie (*with effect from 8/1/2026*)  
Yuan Yuan (*with effect from 8/1/2026*)

## REMUNERATION COMMITTEE

Leung Nga Tat (*Committee Chairman*)  
(*resigned on 8/1/2026*)  
Li Yunde (*resigned on 8/1/2026*)  
Zhang Jingsheng (*resigned on 8/1/2026*)  
Liu Haitian (*Committee Chairman*)  
(*with effect from 8/1/2026*)  
Geng Guohua  
Cheng Yan (*with effect from 8/1/2026*)  
Wong Chi Wah (*with effect from 8/1/2026*)  
Yuan Yuan (*with effect from 8/1/2026*)

## NOMINATION COMMITTEE

Li Yunde (*Committee Chairman*) (*until 18/12/2025*)  
Li Xiaoyang (*resigned on 8/1/2026*)  
Zhang Jingsheng (*resigned on 8/1/2026*)  
Wei Jiaming (*Committee Chairperson*)  
(*appointed on 18/12/2025*)  
Chen Hongzheng (*with effect from 8/1/2026*)  
Xie Jie (*with effect from 8/1/2026*)  
Liu Haitian (*with effect from 8/1/2026*)  
Liu Huangsong (*with effect from 8/1/2026*)

## STRATEGY COMMITTEE

(*established on 8/1/2026*)  
Liao Daxue (*Committee Chairman*)  
He Guangping  
Zhao Ju  
Ng Hoi Kam  
Geng Guohua  
Wang Dong  
Cheng Yan

## AUDITOR

Crowe (HK) CPA Limited

## LEGAL ADVISER

*As to Hong Kong law:*  
Chiu & Partners  
*As to Cayman Islands law:*  
Appleby

# Corporate Information

## REGISTERED OFFICE

Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## HEADQUARTERS IN THE PRC

Jiangjia Guanzhuang Village West  
Zhuge Town  
Yishui County  
Shandong Province  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1601-1603 YF Life Centre  
38 Gloucester Road  
Wan Chai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

Agricultural Bank of China Limited, Yishui Branch  
China Construction Bank Corporation, Yishui Branch  
Bank of China Limited, Yishui Branch  
Industrial and Commercial Bank of China Limited,  
Yishui Branch  
Rural Commercial Bank of Shandong Yishui  
Linshang Bank, Yishui Branch  
Shanghai Pudong Development Bank Co., Ltd.,  
Yishui Branch  
Ping An Bank Co., Ltd., Linyi Branch  
Industrial Bank Co., Ltd., Linyi Branch  
Bank of Communications, Hong Kong  
China CITIC Bank International, Hong Kong

## STOCK CODE

2623

## COMPANY WEBSITE

[www.addnewenergy.com.hk](http://www.addnewenergy.com.hk)

# Chairman's Statement

Dear Shareholders,

I present to all the shareholders the annual results for the year ended 31 December 2025 of Add New Energy Investment Holdings Group Limited (the "Company") and its subsidiaries (collectively, the "Group").

## FINANCIAL PERFORMANCE

- Revenue decreased by approximately 73% to RMB75.6 million for the year ended 31 December 2025 (2024: RMB282.1 million). This decline was primarily due to reduced trading activity amid mineral price fluctuations.
- Total comprehensive loss was RMB83.8 million for the year ended 31 December 2025 (2024: total comprehensive income of RMB54.0 million). The loss was mainly attributable to:
  - o An impairment loss of RMB51.0 million on the Zhuge Shangyu Ilmenite Mine's cash-generating unit.
  - o The absence of a one-off disposal gain of RMB123.3 million recorded in 2024 from the disposal of mining rights in respect of Yangzhuang Iron Mine and related assets and an exploration right.

## 2025 KEY ACTIONS & PROGRESS

- 1. Strengthen the construction of the ilmenite industrial chain:**

Strengthened research and development cooperation with the Chinese Academy of Sciences, the Russian Academy of Sciences, and other technical institutes. The first phase of the new processing plant is designed for 5 million tonnes per year capacity, with infrastructure for 10 million tonnes per year.
- 2. Progress mining Rights of Zhuge Shangyu Ilmenite Mine:**

The new mining permit which increases capacity from 0.8 million to 1.4 million tonnes per annum has been approved. The new permit expected to be obtained by mid-2026.
- 3. Construction of Zhuge Shangyu processing plant construction:**

Civil construction and steel structure processing for the renovated plant are largely completed. Equipment installation is substantially finished. Testing and commissioning are ongoing, laying the foundation for 2026 output of iron and titanium concentrates.
- 4. New Energy & Low-Carbon Projects:**

The Group's "Titanium Full-Industry Chain Integration– Comprehensive Utilization of Green and Low-carbon Ilmenite Resources and Titanium Material Deep Processing R&D Center" project was recognized as a Major Technological Innovation Breakthrough and supporting green and low-carbon development.
- 5. Scientific research innovation:**

Shandong Shengtai Mining Technology Company Limited was certified as a high-tech enterprise and provincial-level intelligent factory.

# Chairman's Statement

## 2026 WORK PLAN

### 1. Mining Operations of Zhuge Shangyu Mine:

The Group expects to commence the mining of its own ilmenite mine and the commissioning of various processes of the ilmenite production line in 2026. If progress goes smoothly, this will lay the foundation for the output of iron concentrate and titanium concentrate in 2026.

### 2. Diversified Development of Mining Business:

To reduce commodity concentration risk, the Group will expand into gold and silver resources through the acquisition of and/or investment in strategic interests in target companies engaged in or in possession of, among others, quality mines and natural resource assets, to build an extensive portfolio of long-term cash generating investments.

### 3. Financing Arrangements and Capital Planning:

On 30 March 2026, the Group completed a rights issue raising gross proceeds of approximately HK\$504.4 million. Net proceeds will be used for acquisitions and working capital.

### 4. Trading of Coal and Other Mineral Products:

The Group is actively expanding into more high-potential trading categories to enrich its trading product matrix, covering various non-ferrous metals, rare metals, and non-metallic minerals, so as to enhance the flexibility and profitability of its trading business. We will also develop cross-border trading channels.

### 5. Layout of Low-carbon, Environmental Protection and New Energy:

The Group will continue to focus on the inspection and selection of sustainable growth projects such as low-carbon, environmental protection and new energy. Under appropriate conditions, the Group will increase its investment efforts and adjust its industrial structure to strive for the interests of investors.

## OUTLOOK

Leveraging our resource base, market position, and policy support, the Group is well-positioned to build a full titanium industry chain. By simultaneously expanding into precious metals, we aim to achieve strategic upgrades, enhance competitiveness, and deliver sustainable value to our shareholders.

Amid opportunities and challenges in 2026, we will remain focused, agile, and committed to long-term growth.

In 2026, amidst opportunities and challenges, the Group will seize the historical opportunities bestowed by the era with determination and composure, and move forward courageously in the face of various complex challenges.



**Wei Jiaming**

*Chairperson of the Board and Executive Director*

# Management Discussion and Analysis

## BUSINESS REVIEW

The principal activities of the Group are iron and ilmenite ore exploration, mining and processing in Shandong Province, as well as trading of iron concentrates and other minerals in Shandong Province and Gansu Province, the People's Republic of China (the "PRC"). The Group has engaged in ilmenite ore mining and ilmenite ore processing to produce and sell iron concentrates and titanium concentrates since 2013, establishing a full titanium industrial chain in Shandong Province, the PRC. The Group's major customers are iron pellets makers and steel manufacturers located in close proximity. Starting from 2021, the Group utilised its processing capacity to provide processing services in respect of iron and other mineral ores to customers.

At the beginning of 2025, the Group possessed mining and exploration rights in respect of Zhuge Shangyu Ilmenite Mine (諸葛上峪鈦鐵礦), an ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC ("Zhuge Shangyu Ilmenite Mine").

The Company actively responded to the government's call and seized the opportunities provided by national policies by developing clean energy such as wind power, photovoltaic power and solar thermal power into new economic growth points, which have made substantial progress. The Company has been continuing its strategic business plan and expansion into new business including (but not limited to) clean energy business, sticking to the development of iron and titanium concentrates business, deepening and expanding the building of whole industrial chain of titanium products including sponge titanium and high purity titanium.

The Group's revenue decreased by approximately RMB206.5 million, or approximately 73%, to approximately RMB75.6 million for the year ended 31 December 2025, as compared with approximately RMB282.1 million for the year ended 31 December 2024. The decrease in revenue was primarily due to the decrease in turnover of sales of trading commodities by approximately RMB177.2 million resulted from the slowing down of the Group's trading activities due to fluctuation of mineral prices in 2025, as well as the decrease in processing service income by approximately RMB29.4 million.

The Group recorded total comprehensive loss of approximately RMB83.8 million for the year ended 31 December 2025, as compared with the total comprehensive income of approximately RMB54.0 million for the year ended 31 December 2024, mainly attributable to the recognition of an impairment loss on the non-financial assets of the Group's mining and ore processing cash-generating unit in respect of Zhuge Shangyu Ilmenite Mine of approximately RMB51.0 million; and the absence of one-off disposal gains of approximately RMB123.3 million from the disposal of mining rights in respect of Yangzhuang Iron Mine and related assets and an exploration right recorded for the year ended 31 December 2024.

## MEASURES TAKEN BY THE MANAGEMENT IN 2025

The total comprehensive loss of the Group was approximately RMB83.8 million for the year ended 31 December 2025, as opposed to total comprehensive income of approximately RMB54.0 million for the year ended 31 December 2024; and the operating revenue decreased by approximately RMB206.5 million, representing a decrease of approximately 73.2% as compared to approximately RMB282.1 million for the year ended 31 December 2024.

# Management Discussion and Analysis

The management has taken the following measures during the year ended 31 December 2025:

## **2025 WORK REVIEW**

In 2025, the Group released new production capacity in a planned manner in accordance with changes in the market situation, and continued to strengthen its traditional principal business of protective mining, production, sales and services of iron and titanium ores. The Group continued to invest in scientific research for the expansion of the entire titanium industrial chain, and strengthened the expansion of such investment businesses as logistics and new energy in Xinjiang. Progress in the construction of the Zhuge Shangyu comprehensive low-carbon environmental protection project was further strengthened.

The main work review is as follows:

### **I. Strengthen the construction of the ilmenite industrial chain**

Made great efforts in the planning and implementation of an industrial chain, including mining and processing of ilmenite ore and production of titanium concentrates. On the basis of continuing to enhance research and development cooperation with the Chinese Academy of Sciences and the Russian Academy of Sciences, the Group cooperated with Lanzhou Engineering & Research Institute of Nonferrous Metallurgy which was entrusted to complete the preliminary design, and Beijing Institute of Mineral Resources (北京礦物研究院) was in charge of the demonstration and experimentation, and entrusted them to carry out the processing design, processing process improvement and technical guidance of ilmenite ore concentrate. The construction of the processing plant was designed according to the mine's 10 million tonnes per year capacity, with the first-phase of the processing plant being equipped according to the 5 million tonnes per year processing capacity and the infrastructure organized according to the 10 million tonnes per year processing capacity, aiming to achieve substantial industrialization and technical breakthroughs.

### **II. Progress of the mining right of Zhuge Shangyu Ilmenite Mine**

After completing the reserves filing certificate, submission of geological data, registration of occupied reserves, and payment of the consideration for reserves, the new mining permit for Zhuge Shangyu Ilmenite Mine has been completed.

#### **1. Extension of exploration rights and capacity expansion**

The exploration certificates for Zhuge Shangyu Ilmenite Mine that were previously expired have been renewed, and Shandong Ishine Mining Industry Co., Ltd. applied for an increase in mining capacity from 800,000 tonnes to 1,400,000 tonnes per annum. Upon review by the Linyi Natural Resources and Planning Bureau, the change of mining rights (deep-level boundary expansion) for the Shangyu Ilmenite Mine of Shandong Ishine Mining Industry Co., Ltd. complied with the laws and regulations on mineral resource management as well as the relevant policy provisions of the Ministry and the Province. The application for the registration of the change in the mining area scope (deep-level boundary expansion) of the mining rights has been approved. It is expected that the mining permit to increase up to 1.4 million tonnes can be obtained by mid-2026.

# Management Discussion and Analysis

## **2. Technical service cooperation**

The Group has signed a technical service contract with Shandong Zhaojin Geological Exploration Co., Ltd. and entrusted them to carry out the mining license and project approval for conducting large-scale mining activities in the Shangyu mining area in Yishui County, Shandong Province. All the relevant works are under formal approval.

## **III. Construction of Zhuge Shangyu processing plant**

A large amount of basic work was done by the Group for the construction of high standard intelligent mine and ore processing plant in Zhuge Shangyu. Zhuge Shangyu Mine and Processing Plant this year mainly focused on mining, ilmenite ores production line construction, living and office area construction, science and technology center and production automation construction. The existing production system of Zhuge Shangyu processing plant has been in production, and the construction of new system and regional planning has been basically determined. By making full use of its market and location advantages, the Group actively conducted the businesses of port trade as well as overseas mines processing, in order to improve revenue and maintain business sustainability.

### **1. Construction progress**

In 2025, the overall construction of the civil construction main body of the renovated plant has been completed, the steel structure processing has been completed. The main roof of the crushing workshop has been sealed, and equipment installation has been largely completed, the main frame of the steel structure of the sorting workshop has been completed, and the construction of the steel structure of the tailings workshop has been completed. The specifications of the machinery and equipment have also since been undergoing adjustments and fine-tuning based on the results of tests conducted. The Group will further coordinate and improve the routine production startup plan according to the progress and outcomes of the testing, trial production, and commissioning processes. Should progress proceed smoothly, it will lay the foundation for the output of iron concentrate and titanium concentrate in 2026.

### **2. Mining conditions of the mine**

Mining permit and environmental impact assessment procedures of Zhuge Shangyu Mine have been completed, with mining conditions being favorable. To expand production capacity, the Company commissioned Shandong No.8 Institute of Geological and Mineral Exploration to conduct exploration for the section from below 100 meters to above 0 meters.

## **IV. Trade of coal and coal products**

The Group will capture suitable business opportunities and take advantage of the logistics advantages of Xinjiang and the favorable geographical conditions of Yumen Office in Gansu Province in making full use of the existing customer relationship resources to increase the trade volume of coal and coal products, strive for sustainable and compliant operation and create better economic benefits.

# Management Discussion and Analysis

## **V. Strengthen internal control and management**

Strengthened internal control management and made market-based comprehensive assessment of related transactions. The Group improved integrated and standardized management level and laid the management foundation for performance improvement.

## **VI. Layout of low-carbon environmental protection and new energy projects**

Focused on low-carbon, environmental protection and new energy sustainable growth projects for examining and selecting and planned to adjust our industrial structure for the benefit of investors. Shandong Shengtai Mining Technology Company Limited was awarded the New Materials category for Major Technological Innovation Breakthroughs with its project "Titanium Full-Industry Chain Integration – Comprehensive Utilization of Green and Low-carbon Ilmenite Resources and Titanium Material Deep Processing R&D Center". This project was recognized by the Provincial Development and Reform Commission as a major industrial breakthrough reserve project for the 2025 Provincial New and Old Kinetic Energy Conversion. It provided strong support for Linyi City in promoting the construction of a pilot zone for green, low-carbon, and high-quality development, serving as a model for other counties and districts to learn from. This will strengthen project planning and reserves, as well as collaborative efforts for project application and acquisition in 2026.

## **VII. Pay attention to new technologies and market changes**

While the principal business was developing, followed up new technologies, new materials and new opportunities on the market, and responded to market changes in a timely manner.

## **VIII. Scientific research innovation and qualification certification**

In terms of scientific research and innovation, Shandong Shengtai Mining Technology Company Limited was approved as a high and new technology enterprise, a municipal level engineering technology research center and an enterprise technology center, and was also approved as a provincial-level intelligent factory and an "AA" level enterprise for the fusing informatization with industrialization. In 2025, Shandong Shengtai Mining Technology Company Limited was designated as the municipal-level "One Enterprise, One Technology" R&D Center, and the provincial-level intelligent manufacturing enterprise and enterprise technology center, which has laid a solid foundation for the research and development of scientific research topics of the Company.

In order to cope with the challenges of cutting-edge technology, we have always maintained a leading position in the industry. Since last year, the Group has actively cooperated with industry experts and professional colleges and universities, entered into contracts with expert consultants, and established in-depth cooperation with Yunnan Minzu University and other top domestic universities and scientific research institutions. Open up the industry-university-research chain to provide a continuous intellectual support for the development of subsequent projects of the enterprise.

# Management Discussion and Analysis

## **IX. Inclusion in major scientific research projects**

To enhance the independent innovation capability and core competitiveness of enterprises, and to promote the deep integration of scientific and technological innovation with industrial innovation, and following recommendations from relevant municipal units and expert demonstrations, the project “Industrialization R&D for Comprehensive Utilization and Quality and Efficiency Improvement of Green and Low-carbon Ilmenite Resources” by Shandong Shengtai Mining Technology Company Limited has been included in the 2025 Shandong Province Enterprise Technological Innovation Project Plan (Second Batch).

## **X. Digitalisation benchmark construction**

By integrating resources such as university research capabilities and digital service institutions, Shandong Shengtai Mining Technology Company Limited has been included in the “Morning Star Factory” construction pilot program by the Shandong Provincial Department of Industry and Information Technology. The Company shared its successful path in constructing “Morning Star Factory” with other enterprises, fully unleashing the demonstration and driving effects of a benchmark enterprise. The system will systematically summarize replicable and scalable construction models and experimental experiences, leading the high-quality development of new industrialization with digital benchmarks to create a demonstration model for regional industrial digital transformation.

# Management Discussion and Analysis

## OPERATION OVERVIEW AND CAPITAL EXPENDITURE

### I. Production and operation of titanium and iron mine

#### *Zhuge Shangyu Ilmenite Mine*

The Group currently possesses a mining permit of Zhuge Shangyu Ilmenite Mine with an approved annual mining production scale of 0.8 Mt.

The Group has contracted for the construction of a new 10.0 Mt processing line and production line in the mine.

In 2025, the Group invested approximately RMB301.5 million in processing and production lines in Zhuge Shangyu Ilmenite Mine. The processing and production lines will be ready to be used in 2026.

During the year ended 31 December 2022, an agreement was reached by the Group with the relevant authorities for the renewal of the mining permit for Zhuge Shangyu Ilmenite Mine, pursuant to which, the Group is required to pay for approximately RMB171.3 million of which approximately RMB81.3 million were paid by the Group up to 31 December 2025. The new mining permit for Zhuge Shangyu Iron Mine has been issued by the relevant authorities to the Group in November 2023. The safety production permit was issued by the relevant competent authorities on 4 January 2026. Up to 31 December 2025, there were no mining and production activities carried out in the mine. Certain exploration activities and trial production were conducted in the mine during 2025.

### II. Development of green mines

The Group enhanced the internal construction of green mining. It practised green mining throughout the daily operation of the mines; improved corporate management system and safety measures; organised regular trainings with the aim to enhance the professional skills of staff and extend corporate culture. It enhanced the interaction with local communities and established a sound system of consultation and coordination. On top of that, it increased the enterprise-local cooperation on projects by capitalising on its own advantages as an enterprise so as to actively promote the local economic development and the enterprise-local integration. By way of legal, scientific and green mining, the Group gradually turned its resource advantages into economic, social and environment advantages with an aim to realise green mining practices, harmonious community, circular economy and diversified and sustainable development.

In 2025, by closely following market changes, the Group adhered to the development of titanium business, adjusted titanium and iron concentrates production in a timely manner and continued exploring expanding new energy business, particularly for solar thermal projects. The Group made targeted adjustment to its working plan and actively sought for new sources of economic growth.

# Management Discussion and Analysis

## RESOURCES AND RESERVES OF MINES

The mine owned by the Group has significant iron and titanium ore reserves and resources. According to the report of the independent technical adviser Micromine Consulting Services (“Micromine”), as at November 2011 as disclosed in the prospectus of the Company dated 17 April 2012, the total proved and probable reserve of ore in Zhuge Shangyu Ilmenite Mine was approximately 546.29 Mt at an average grade of approximately 5.69% TiO<sub>2</sub> and approximately 12.81% TFe (total iron).

Micromine has updated the resources and reserves under the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy (“JORC”) in 2013 by adopting the following assumptions:

### Zhuge Shangyu Ilmenite Mine

1. Resource reporting cut-off grade: 9.2% TiO<sub>2</sub> equivalent.
2. Underground resources and reserves remain unchanged from the previous (2012) Micromine estimate.
3. Mineral resources are inclusive of the ore reserve.
4. The reserve includes diluting material with an assumed diluent grade of 0%, total dilution used was 9%.
5. The Micromine reserve is stated based on titanium with an iron credit.
6. The Open Pit Ore Reserve block model depletion for the Zhuge Shangyu resource was approximately 0.27 Mt grading 5.69% TiO<sub>2</sub> and 12.78% TFe compared to reported production of approximately 0.26 Mt grading 6.75% TiO<sub>2</sub> and 13.44% TFe for the period from September 2013 to December 2013 inclusive.
7. The underground mining height is 50 m to 60 m.

Reason for the changes in the resources and reserves estimates:

During the period from November 2011 to August 2013, there was no difference in resources and reserves. During the period from September 2013 to December 2013, reserves were reduced by approximately 0.27 Mt due to mining activities.

Based on (1) the resources and reserves under the JORC for Zhuge Shangyu Ilmenite Mine as at November 2011 as disclosed in the prospectus of the Company dated 17 April 2012; and (2) the estimated amount of ores mined by the Group from September 2013 to December 2013, the Group’s estimated resources and reserves as at 31 December 2025 were as follows:

# Management Discussion and Analysis

JORC ore reserve estimate as of 31 December 2025: *(Note: JORC ore reserves as of 31 December 2013 less exploitation during the period from 1 January 2014 to 31 December 2025. On 2 November 2017, the Group disclosed the area of exploration was changed in Zhuge Shangyu, which deduced the total reserve.)*

## Zhugeshangyu Ilmenite Mine

Ore reserves (Mt)	
– proved	199.40
– probable	204.50 <sup>(Note)</sup>
<b>Total ore reserves</b>	<b>403.90</b>
Grade of total iron (TFe) (%)	
– proved	12.78
– probable	12.83
<b>Average grade of total iron (TFe) (%)</b>	<b>12.82</b>
Grade of titanium dioxide (TiO <sub>2</sub> ) (%)	
– proved	5.76
– probable	5.65
<b>Average grade of total titanium dioxide (TiO<sub>2</sub>) (%)</b>	<b>5.69</b>

Note: Out of the total probable reserves, about 199.71 Mt is underground reserves.

Zhugeshangyu Ilmenite Mine resources estimate as of 31 December 2025: *(Note: JORC mineral resources as of 31 December 2013 less exploitation during the period from 1 January 2014 to 31 December 2025. On 2 November 2017, the Company disclosed the area of exploration was changed in Zhuge Shangyu, which deduced the total resources.)*

Resources Category	Resources (Mt)	Specific Gravity (t/m <sup>3</sup> )	TiO <sub>2</sub> (%)	TFe (%)
Measured	372.6	3.19	6.23	14.04
Indicated	118.3	3.13	6.14	14.18
<b>Total Measured and Indicated</b>	<b>490.9</b>	<b>3.17</b>	<b>6.19</b>	<b>14.10</b>
Inferred	4.0	3.13	5.92	15.03
<b>Total Resources</b>	<b>494.9</b>	<b>3.16</b>	<b>6.19</b>	<b>14.10</b>

# Management Discussion and Analysis

## EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES AND COSTS

During the year ended 31 December 2025, the Group did not incur material expenditure in its exploration activities (2024: Nil).

Payments for mining rights amounted to RMB15,000,000 (2024: RMB20,000,000) and the relevant costs incurred for mining rights which have been capitalised amounted to RMB725,000 (2024: RMB2,880,000) for the year ended 31 December 2025. Capital expenditure of approximately RMB301,522,000 (2024: RMB145,341,000) were incurred for the development of processing and production lines in Zhuge Shangyu Ilmenite Mine for the year ended 31 December 2025.

The Group did not process any iron ores previously mined from the Group's mines during the years ended 31 December 2025 and 2024. Accordingly, no analysis of cost is presented.

## FINANCIAL REVIEW

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB75.6 million as compared with approximately RMB282.1 million for the year ended 31 December 2024, representing a decrease of approximately RMB206.5 million. For the years ended 31 December 2025 and 2024, approximately 88.5% and 86.5% of the Group's total sales, respectively, consisted of the sales of trading commodities, including blended coal, semi-coke, and coarse iron powder. Starting from 2021, the Group started to provide processing services to customers, the attribution of processing service income represented approximately 11.5% and 13.5% of the total sales in 2025 and 2024.

# Management Discussion and Analysis

## Revenue

Revenue was generated from trading activities as well as from sales of the Group's products to external customers net of value-added tax. The Group's processing service income and revenue from sales of the Group's products are mainly affected by the Group's total sales volume which in turn is subject to the Group's mining and processing capacity, market conditions and price of the Group's products. The following table sets forth a breakdown of the Group's revenue for the periods indicated:

	Year ended 31 December 2025 RMB'000		Year ended 31 December 2024 RMB'000	
<b>Revenue</b>				
<b>Sales from trading activities</b>				
– from blended coal	26,778	35.5%	185,533	65.8%
– from coarse iron powder	3,405	4.5%	58,491	20.7%
– from semi-coke	36,685	48.5%	–	–
	<b>66,868</b>	<b>88.5%</b>	244,024	86.5%
<b>Processing service income</b>				
– from processing of iron and other mineral ores	8,712	11.5%	38,066	13.5%
	<b>75,580</b>	<b>100.0%</b>	282,090	100.0%

# Management Discussion and Analysis

The following table sets forth a breakdown of the volume of iron concentrates and trading products sold by the Group for the periods indicated:

	<b>Year ended 31 December 2025 (Kt)</b>	Year ended 31 December 2024 (Kt)
<b>Sales volume of trading activities</b>		
– from blended coal	<b>176.7</b>	599.1
– from coarse iron powder	<b>3.9</b>	73.9
– from semi-coke	<b>180.1</b>	–
	<b>360.7</b>	673.0
	<b>360.7</b>	673.0

## Management Discussion and Analysis

For the year ended 31 December 2025, revenue was mainly derived from trading of blended coal, coarse iron powder, and semi-coke. Resulted from the establishment of a subsidiary which operates a trading business in the Gansu Province starting from late 2021 which geographically guaranteed a stable supply of blended coal and semi-coke, trading activities continued to attribute a major portion of revenue of the Group. However, due to the fluctuation in the price of iron and coal products and which exhibited a general downward trend that was largely attributable to weakened demand resulting from slowdown in the global and domestic economies as heightened by, among other things, the China-United States trade war, as well as oversupply, in the downstream steel production and other industries, the management of the Group has erred on the side of caution and strategically limited its trading activities and slowed down its trading activities in 2025 which resulted in a drop in annual trading revenue compared to 2024. The Group has also engaged in subcontracting arrangements with customers on processing iron and other mineral ores starting from second half of 2021, which contributed revenue of approximately RMB8.7 million in 2025 compared to RMB38.1 million in 2024. The major reason for the decrease is attributable to processing service customers reducing the orders placed with the Group mainly due to stagnant domestic and global economies as mentioned above.

The Group's revenue decreased by approximately RMB206.5 million, or approximately 73.2%, to approximately RMB75.6 million for the year ended 31 December 2025, as compared with approximately RMB282.1 million for the year ended 31 December 2024. The decrease in revenue was primarily due to the decrease in turnover of sales of trading commodities by approximately RMB177.2 million resulted from the slowing down of the Group's trading activities due to fluctuation of mineral prices in 2025 as mentioned above, as well as the decrease in processing service income by approximately RMB29.4 million due to reasons disclosed above.

# Management Discussion and Analysis

## Cost of Sales

The following table sets forth a breakdown of the Group's cost of sales for the periods indicated:

	Year ended 31 December 2025 RMB'000		Year ended 31 December 2024 RMB'000	
<b>Cost of Sales</b>				
<b>Cost of sales of trading activities</b>				
– from blended coal	27,100	37.4%	173,522	65.2%
– from coarse iron powder	3,403	4.7%	58,411	21.9%
– from semi-coke	35,728	49.3%	–	–
	<b>66,231</b>	<b>91.4%</b>	231,933	87.1%
<b>Cost of sales of processing service income</b>				
– from processing of iron and other mineral ores	6,246	8.6%	34,410	12.9%
	<b>72,477</b>	<b>100.0%</b>	266,343	100.0%

Cost of sales was mainly incurred for cost of purchased commodities for trading purposes. The cost of sales also included costs of providing processing services.

Total cost of sales decreased by approximately RMB193.9 million, or approximately 72.8%, to approximately RMB72.5 million for the year ended 31 December 2025, as compared with approximately RMB266.3 million for the year ended 31 December 2024, which is in line with the decrease in sales.

# Management Discussion and Analysis

## Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margins for the years indicated:

	Year ended 31 December 2025 RMB'000		Year ended 31 December 2024 RMB'000	
<b>Gross profit</b>				
<b>Gross profit of trading activities</b>				
– from blended coal	(322)	(10.4%)	12,011	76.3%
– from coarse iron powder	2	0.1%	80	0.5%
– from semi-coke	957	30.8%	–	–
	<b>637</b>	<b>20.5%</b>	12,091	76.8%
<b>Gross profit of provision of processing services</b>				
– from processing of iron and other mineral ores	2,466	79.5%	3,656	23.2%
	<b>3,103</b>	<b>100.0%</b>	15,747	100.0%

# Management Discussion and Analysis

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Gross profit margin</b>		
<b>Gross profit margin of trading activities</b>		
– from blended coal	<b>(1.2%)</b>	6.5%
– from coarse iron powder	<b>0.1%</b>	0.1%
– from semi-coke	<b>2.6%</b>	–
<b>Gross profit margin of provision of processing services</b>		
– from processing of iron and other mineral ores	<b>28.3%</b>	9.6%
<b>Overall gross profit margin</b>	<b>4.1%</b>	5.6%

Gross profit decreased by approximately RMB12.6 million from approximately RMB15.7 million for the year ended 31 December 2024 to approximately RMB3.1 million for the year ended 31 December 2025. The major reason for the decrease is due to the decrease in both volume of trading activities and scale of processing services.

Overall gross profit margin decreased from approximately 5.6% for the year ended 31 December 2024 to approximately 4.1% for the year ended 31 December 2025. The decrease in gross profit margin is mainly due to processing service customers reducing the volume orders placed with the Group as a result of stagnant domestic and global economic conditions.

# Management Discussion and Analysis

## **Other net gain**

The Group's other net gain was approximately RMB27.4 million for the year ended 31 December 2025 as compared to RMB123.4 million for the year ended 31 December 2024, which included a gain on disposal of approximately RMB115.8 million attributable to the Disposal (as defined above).

## **Finance costs, net**

Net finance costs mainly represented discounting effect on amounts payable for mining rights, as well as interest expense on bank loans of the Group, offset by interest income on bank deposits. Interest expenses decreased from approximately RMB8.8 million for the year ended 31 December 2024 to approximately RMB4.1 million for the year ended 31 December 2025, mainly due to the discounting effect of approximately RMB4.1 million on amounts payable for mining rights.

## **Total comprehensive loss**

The Group recorded total comprehensive loss of approximately RMB83.8 million for the year ended 31 December 2025, as opposed to total comprehensive income of approximately RMB54.0 million for the year ended 31 December 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2025, the total amount of the borrowings (including borrowings, amounts due to a related company, a former controlling shareholder, and a director) of the Group was approximately RMB507.3 million (as at 31 December 2024: approximately RMB267.1 million). The Group's cash and bank balances amounted to approximately RMB240.2 million as at 31 December 2025 (as at 31 December 2024: approximately RMB80.0 million).

# Management Discussion and Analysis

## CAPITAL STRUCTURE

The Company's issued share capital as at 31 December 2025 is HK\$14,011,461.12 divided into 350,286,528 shares with par value of HK\$0.04 each.

The Group adopts a prudent treasury policy, and its gearing ratio (calculated as total borrowings (including amounts due to a related company, a former controlling shareholder, and a director, and borrowings) divided by the aggregate amount of total equity and total borrowings) as at 31 December 2025 was approximately 52.3% (as at 31 December 2024: approximately 32.9%). The increase in gearing ratio is mainly attributable to the advances from a related company and a former controlling shareholder in 2025. The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2025 was approximately 2.12 times (as at 31 December 2024: approximately 1.07 times). The improvement was primarily due to a substantial reduction in current liabilities. This reduction resulted from (i) the reclassification of the amount due to a former controlling shareholder from current to non-current liabilities and (ii) a decrease in accruals and other provisions following the reversal of over-provision for certain long-outstanding expenses attributable to the Yangzhuang Iron Mine. The reversal arose after the new mining certificate was formally issued to the Purchaser under the Disposal in 2025 and, based on legal advice obtained, the Group assessed that the probability of any claim for these expenses had become remote.

## CHANGE OF CONTROLLING SHAREHOLDER

Prominence Investment Holding Company Limited ("Prominence Investment") and the Company jointly announced on 4 November 2025 that on 15 October 2025, Prominence Investment, Mr. Ng Hoi Kam ("Mr. Ng") (an executive Director since 18 December 2025), Mr. Li Yunde (former chairman of the Board, executive Director and controlling Shareholder) and Hongfa Holdings Limited ("Hongfa") entered into a sale and purchase agreement ("SPA") pursuant to which Prominence Investment and Mr. Ng agreed to acquire, and Mr. Li Yunde and Hongfa agreed to sell, an aggregate of 194,959,831 Shares (representing approximately 55.66% of the then-issued share capital of the Company). Completion of the SPA took place on 15 October 2025, upon which Mr. Li and Hongfa ceased to be controlling Shareholders, and Prominence Investment became the controlling Shareholder.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the SPA, Prominence Investment, its ultimate beneficial owners and the parties acting in concert with it (including Mr. Ng) made a mandatory unconditional general offer ("Offer") in cash for all the issued Shares (other than those already owned or agreed to be acquired by Prominence Investment, its ultimate beneficial owners and the parties acting in concert with it (including Mr. Ng) ("Offer Shares")).

Immediately before the commencement of the Offer period, Prominence Investment, its ultimate beneficial owners and the parties acting in concert with it (including Mr. Ng) were interested in an aggregate of 194,959,831 Shares, representing approximately 55.66% of the then-issued share capital of the Company. Taking into account the valid acceptances in respect of 237,768 Offer Shares under the Offer, immediately after the close of the Offer on 8 January 2026, Prominence Investment, its ultimate beneficial owners and the parties acting in concert with it (including Mr. Ng) became interested in a total of 195,197,599 Shares, representing approximately 55.73% of the entire issued share capital of the Company as at the close of the Offer.

# Management Discussion and Analysis

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2025, the Group did not have any significant investment held.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2025, the Group had 146 employees (31 December 2024: 119 employees), most of whom were stationed in the PRC. The employee benefit expense (including Directors' emoluments) amounted to approximately RMB18.9 million for the year ended 31 December 2025 (31 December 2024: approximately RMB17.1 million). The Group entered into employment contracts with all its employees. Apart from salary remuneration, employees are entitled to retirement benefits under a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and a mandatory provident fund scheme for the employees in Hong Kong. The Company had also adopted a restricted share award scheme.

## **CHARGE OVER THE GROUP'S ASSETS**

Except for a fixed deposit of RMB2,500,000 pledged to a bank for issuing guarantee of RMB2,500,000 in favour of a contractor of the Group as at 31 December 2025, there was no charge over the assets of the Group as at 31 December 2025 and 2024.

## **FOREIGN CURRENCY EXPOSURE**

The Group mainly earns revenues and incurs costs in Renminbi and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

## **Impairment losses on property, plant and equipment, right-of-use assets and intangible assets**

During the year ended 31 December 2025, the Company recognised impairment loss on property, plant and equipment of approximately RMB35.4 million (2024: nil), impairment loss on right-of-use assets of approximately RMB9.8 million (2024: nil), and impairment loss on intangible assets of approximately RMB5.7 million (2024: nil). The recognition of such impairment losses was attributable to the decrease in the recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets related to the Zhuge Shangyu ilmenite ore mine (collectively referred to as "Zhuge Shangyu Related Assets").

For the purpose of the impairment assessments and the determination of the recoverable amounts of the Zhuge Shangyu Related Assets as at 31 December 2025, the management of the Group estimated the recoverable amounts of such assets, with the support of valuations (the "Valuation") performed by an independent valuer engaged by the Company. The recoverable amount of the Zhuge Shangyu Related Assets was determined based on the fair value less costs of disposal ("FVLCD").

# Management Discussion and Analysis

The valuer applied the discounted cash flow method in the Valuation, and considered such valuation method was appropriate due to the close relationship between the value of the Zhuge Shangyu Related Assets and its ability to generate future cash flow. Such valuation method had been consistently applied in 2025 as compared to 2024. The calculation used cash flow projection based on financial budgets approved by management covering the estimated remaining useful life of the mine, which reflected cash flow from the sales of iron and titanium concentrates from the production of Zhuge Shangyu ilmenite ore mine. Set forth are the key inputs to the Valuation: (i) cashflow projection based on financial budgets approved by management covering the estimated remaining useful life of the mine, which reflected cash flow from the sales of iron and titanium concentrates from the production of Zhuge Shangyu ilmenite ore mine, less estimated costs, (ii) a pre-tax discount rate of 17.5%, and (iii) a weighted average cost of capital (“WACC”) discount rate of 14.5%. Other major assumptions included the mine construction plan, the mining right situation and that there were no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result.

As the recoverable amount of the Zhuge Shangyu Related Assets as determined by the valuer as at 31 December 2025 was lower than their carrying amounts, an impairment loss on non-financial assets amounting to approximately RMB50.9 million (2024: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 against the respective assets on a pro-rata basis with reference to their carrying values. For further details, please refer to note 6 to the financial statements.

As compared with the valuation conducted on the Zhuge Shangyu Related Assets as at 31 December 2024, having regard to the intensified international geo-political conflicts and unfavourable changes in the business environment conditions during the year ended 31 December 2025, the Group’s business plan (based on which the future cashflow projections are derived) have been formulated to cope with the increased business risks, and for the impairment testing, a higher post-tax WACC discount rate of 14.5% (2024: 11.5%) and pre-tax discount rate of 17.5% (2024:16.6%) had been adopted in the Valuation.

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities.

# Management Discussion and Analysis

## EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Group entered into the following significant non-adjusting events:

### (1) Subscription (“Subscription”) for placement shares in Horizon Minerals Limited (“HRZ”) (now known as Maritana Minerals Limited)

On 18 February 2026, the Company entered into a placement letter (“Placement Letter”) pursuant to which it agreed to subscribe for, and HRZ agreed to allot and issue, 36,574,077 new ordinary shares in HRZ at A\$1.08 per share for an aggregate consideration of approximately A\$39.5 million (equivalent to approximately RMB190.0 million), using an exchange rate of A\$1: RMB4.81.

The Subscription comprises two tranches:

- Tranche 1 (unconditional): 11,486,942 shares (consideration of which is approximately A\$12.41 million), with settlement on 24 February 2026 and allotment on 25 February 2026. Upon completion, the Group will hold approximately 4.48% of the enlarged issued share capital of HRZ.
- Tranche 2: 25,087,135 shares (consideration of which is approximately A\$27.1 million), with settlement on 13 April 2026 and allotment on 14 April 2026. Upon completion of both tranches, the Group will hold in aggregate approximately 9.95% of the enlarged issued share capital of HRZ.

The consideration funded partly by an unsecured, interest-free loan with no fixed repayment term from a controlling shareholder and partly by the net proceeds of the proposed rights issue described in (2) below. The Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The investment via the Subscription forms part of the Group’s strategy to diversify its mining and mineral trading business into gold resources and is expected to be accounted for as an investment in equity instruments. As the Placement Letter was entered into after 31 December 2025, the transaction has no financial effect on the consolidated financial statements for the year then ended 31 December 2025. Full details of the transaction are set out in the Company’s announcement dated 23 February 2026.

# Management Discussion and Analysis

## (2) Rights issue

On 6 March 2026, the Company issued a prospectus in relation to a proposed renounceable rights issue (“Rights Issue”) on the basis of one (1) new Share (“Rights Share”) for every two (2) existing Shares held on 5 March 2026 (the “Record Date”) at a subscription price of HK\$2.88 per Rights Share. A maximum of 175,143,264 Rights Shares may be issued, representing 50% of the existing issued share capital of the Company, to raise gross proceeds of up to approximately HK\$504.4 million (net proceeds approximately HK\$503.4 million).

The Rights Issue was not underwritten. However, the Company has received irrevocable undertakings from its controlling shareholder, Prominence Investment Holding Company Limited, and an executive Director, Mr. Ng Hoi Kam, to take up in full their respective entitlements under the Rights Issue, amounting in aggregate to 97,598,799 Rights Shares, representing approximately 55.7% of the total Rights Shares available.

The net proceeds from the Rights Issue are intended to be mainly used for pursuing suitable acquisition and/or investment opportunities and for supplementing the working capital of the Group. As at the date of approval of this annual report, the Rights Issue has been completed. The Rights Issue and the related increase in share capital will be accounted for in the financial year ending 31 December 2026.

The Rights Issue was completed after the reporting date and do not require adjustment to the consolidated financial statements for the year ended 31 December 2025. Full details of the rights issue are set out in the prospectus dated 6 March 2026.

## (3) Formation of a partnership and proposed investment in mining business

On 20 March 2026, Shenzhen Xinlong Mining Development Co., Ltd.\* (深圳鑫隆礦業發展有限公司) (“Shenzhen Xinlong”), an indirect wholly-owned subsidiary of the Company, as limited partner, Jiangxi Xintongying Enterprise Management Co., Ltd.\* (江西新同盈企業管理有限公司) (“Jiangxi Xintongying”), as limited partner, and Beijing Shiji Lande Enterprise Management Co., Ltd.\* (北京世紀蘭德企業管理有限公司) (“Beijing Shiji”), as general partner, entered into a partnership agreement to establish Jiangxi Lianhe Enterprise Management Centre (Limited Partnership)\* (江西聯合企業管理中心(有限合夥)) (the “Partnership”) pursuant to which they subscribed for registered capital of RMB26 million, RMB36 million and RMB1 million respectively.

On 26 March 2026, the parties entered into a supplemental partnership agreement to contribute an additional RMB158 million in aggregate, increasing the Partnership’s total registered capital to RMB221 million. Shenzhen Xinlong’s total commitment is RMB108 million, representing approximately 48.87% interest in the Partnership, payable on or before 31 December 2026. Shenzhen Xinlong and Jiangxi Xintongying have each undertaken to provide further capital of up to RMB149 million as needed for business development of the Partnership’s invested entities and/or for pursuing other target acquisition or investment opportunities. The capital contribution payable by the Group will be funded by the Rights Issue proceeds as described in (2) above.

The Partnership entered into an investment intention agreement with Qianshan County Lanxiang Mining Co., Ltd.\* (鉛山縣藍翔礦業有限公司) to acquire 20% equity interests in Guixi Baojia Mining Co., Ltd.\* (貴溪鮑家礦業有限公司) for RMB221 million. Baojia Mining is principally engaged in mining and processing silver, lead and zinc in Guixi City, Jiangxi Province.

# Management Discussion and Analysis

As the Partnership was formed after 31 December 2025 and no capital had been paid up at the date of the annual report dated 31 March 2026, the transaction has no financial effect on the 2025 consolidated financial statements. The transactions constitute a discloseable transaction under Chapter 14 of the Listing Rules, with full details in the Company's announcement dated 30 March 2026.

## **(4) Conditional acquisition of additional shares in HRZ**

On 30 March 2026, the Company entered into a sale and purchase agreement with independent third-party vendors pursuant to which the Company conditionally agreed to acquire an aggregate of 37,700,000 ordinary shares in HRZ at an aggregate consideration of approximately A\$40.7 million (equivalent to approximately RMB195.8 million). The consideration will be satisfied by the allotment and issue of 46,780,085 new Shares at an issue price of HK\$4.70 per share under the general mandate.

Completion of the acquisition is subject to certain conditions precedent, including, among other things, the granting of listing approval for the consideration shares by The Stock Exchange of Hong Kong Limited, and approval from the Foreign Investment Review Board of Australia or written statement of no objection from the Australian Treasurer.

Upon completion of the acquisition, the Group holds an aggregate of 74,274,077 HRZ shares, representing approximately 19.97% of the enlarged issued share capital of HRZ.

Further details are set out in the Company's announcement dated 30 March 2026.

# Corporate Governance Report

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the Shareholders' value.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in the CG Code throughout the year ended 31 December 2025.

*Note:* The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports of the Company for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

## BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The Board has delegated the authority and responsibility of daily management of the Group to management. In addition, the Board has also delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee"). Further details of these committees are set out in this report.

The Board currently consists of fifteen Directors including five executive Directors five non-executive Directors and five independent non-executive Directors. During the year ended 31 December 2025 and up to the date of this annual report, our Board comprised the following Directors:

### Executive Directors

Wei Jiaming (*Chairperson*) (*appointed on 18/12/2025*)

Geng Guohua (*Chief Executive Officer*)

Ng Hoi Kam (*appointed on 18/12/2025*)

Liao Daxue (*appointed on 18/12/2025*)

Chen Hongzheng (*appointed on 18/12/2025*)

Lang Weiguo (*resigned on 8/1/2026*)

Li Yunde (*resigned on 8/1/2026*)

# Corporate Governance Report

## **Non-executive Directors**

He Guangping (*Vice-chairman*) (*appointed on 8/1/2026*)

Zhao Ju (*appointed on 18/12/2025*)

Xia Chun (*appointed on 18/12/2025*)

Wang Dong (*appointed on 18/12/2025*)

Cheng Yan (*appointed on 8/1/2026*)

## **Independent Non-executive Directors**

Xie Jie (*appointed on 18/12/2025*)

Wong Chi Wah (*appointed on 18/12/2025*)

Liu Haitian (*appointed on 8/1/2026*)

Liu Huangsong (*appointed on 8/1/2026*)

Yuan Yuan (*appointed on 8/1/2026*)

Leung Nga Tat (*resigned on 8/1/2026*)

Li Xiaoyang (*resigned on 8/1/2026*)

Zhang Jingsheng (*resigned on 8/1/2026*)

Cheng Shuk Teh Esther (*resigned on 8/1/2026*)

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 57 to 67 under the section headed “Biographical Details of Directors and Senior Management”.

# Corporate Governance Report

## Board Meetings

Regular Board meetings are held four times a year at approximately quarterly interval and additional meetings will be held as and when required. The four regular Board meetings for a year are planned in advance. During the regular meetings of the Board for the year, the Board reviewed the operation and financial performance of the Group, and also reviewed and approved the interim results and annual results of the Company.

During the year ended 31 December 2025, the Board held 4 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were also given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	Number of attendance
<b>Executive Directors</b>	
Mr. Li Yunde	3/4
Mr. Geng Guohua	4/4
Mr. Lang Weiguo	4/4
<b>Independent Non-Executive Directors</b>	
Mr. Li Xiaoyang	4/4
Mr. Leung Nga Tat	4/4
Mr. Zhang Jingsheng	4/4
Ms. Cheng Shuk Teh Esther	3/4

Board minutes are kept by the company secretary of the company (the "Company Secretary") and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials, and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

# Corporate Governance Report

The Board adopted on 30 March 2023 a mechanism for Directors to obtain independent opinions and perspectives for them to discharge their duties and responsibilities, and to ensure independent views and input are available to the Board.

The Company shall arrange suitable and sufficient resources to cover any matters relating to the obtaining of an independent opinion by the Board, including but not limited to the engagement of a legal team or any other professionals for such purpose (where appropriate).

The Directors shall give at least three working days' notice to the Company Secretary to obtain an independent opinion, including but not limited to engaging a professional team for such purpose (where appropriate).

The Board is required to review its structure, size, composition (including skills, knowledge and experience) and Board Diversity policy (as defined below) at least annually to ensure that the composition of the Board complies with the relevant requirements of the Listing Rules including maintaining a balanced mix of executive and non-executive directors (including independent non-executive directors) so that the Board has a strong element of independence which can effectively exercise independent judgment.

The Board has reviewed the implementation and effectiveness of the said mechanism during the year and considered that it has been operating effectively and will continue to monitor its implementation and effectiveness on an annual basis.

## General Meetings

During the year ended 31 December 2025, one general meeting was held, being the 2025 annual general meeting of the Company held on 27 June 2025 (the "2025 AGM").

The attendance record of the Directors at the above general meetings are as follows:

<b>Name of Director</b> <i>(Note)</i>	<b>Number of attendance</b>
<b>Executive Directors</b>	
Mr. Li Yunde	1/1
Mr. Geng Guohua	1/1
Mr. Lang Weiguo	1/1
<b>Independent Non-Executive Directors</b>	
Mr. Li Xiaoyang	1/1
Mr. Leung Nga Tat	1/1
Mr. Zhang Jingsheng	1/1
Ms. Cheng Shuk Teh Esther	1/1

*Note:* Each of Ms. Wei Jiaming, Mr. Ng Hoi Kam, Mr. Liao Daxue, Mr. Chen Hongzheng, Mr. Zhao Ju, Mr. Xia Chun, Mr. Wang Dong, Mr. Xie Jie and Mr. Wong Chi Wah have been as Directors on 18 December 2025 and no general meeting of the Company had been held from their date of appointment up to 31 December 2025.

# Corporate Governance Report

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meeting or other general meetings to communicate with them and encourage their participation. Mr. Li Yunde, the then Chairman of the Board and the then chairman of the Nomination Committee attended the 2025 AGM to answer questions and collect views of Shareholders.

## **Directors' Training**

In accordance with the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training or reading materials relating to the Listing Rules and corporate governance matters or attending seminars relating to their roles as a director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 December 2025 to the Company.

Ms. Wei Jiaming, Mr. Ng Hoi Kam, Mr. Liao Daxue, Mr. Chen Hongzheng, Mr. Xia Chun, Mr. Wang Dong, Mr. Zhao Ju, Mr. Xie Jie and Mr. Wong Chi Wah were appointed as Directors on 18 December 2025, and each of them have obtained the necessary legal advice as referred to in Rule 3.09D of the Listing Rules on 21 November 2025 and confirmed that they have understood their obligations as a director of a listed issuer.

## **CHAIRMAN AND CHIEF EXECUTIVE**

The two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman/Chairperson, being Mr. Li Yunde (during the period from 1 January 2025 to 18 December 2025) and subsequently Ms. Wei Jiaming (from 18 December 2025 onwards) is responsible for the management of the Board by providing leadership for the Board and has taken primary responsibility for ensuring that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole; and the Chief Executive Officer, being Mr. Geng Guohua, is responsible for the day-to-day management of business of the Group.

## **TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

For details of the terms of appointment of non-executive Directors, please refer to the section headed "DIRECTORS' SERVICE CONTRACTS" in the "Report of the Directors" of this annual report.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of legal, accounting, economics, science or mining industry. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has confirmed to the Company his/her independence as required under Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

# Corporate Governance Report

## NOMINATION COMMITTEE

The Company established the Nomination Committee on 9 April 2012 with written terms of reference which was revised on 28 August 2013, 6 January 2016 and 29 March 2019 respectively to comply with the CG Code. The terms of reference of the Nomination Committee is currently made available on the Stock Exchange's website and the Company's website.

During the year ended 31 December 2025, the Nomination Committee consisted of one executive Director, namely Mr. Li Yunde (as chairman until 18 December 2025), and two independent non-executive Directors, namely Mr. Li Xiaoyang and Mr. Zhang Jingsheng. Ms. Wei Jiaming was appointed as the Nomination Committee chairperson on 18 December 2025.

The functions of the Nomination Committee are: (i) to review and monitor the structure, size, composition and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's strategy; (ii) to identify qualified individuals to become members of the Board; (iii) to assess the independence of independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairperson and the chief executive officer.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

- a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- b) taking the lead where potential conflicts of interests arise;
- c) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;
- d) bringing a range of business and financial experience to the Board, giving the Board and any committees on which he/she serves the benefit of his/her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;
- e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

# Corporate Governance Report

- f) ensuring the committees on which he/she serves to perform their powers and functions conferred on them by the Board; and
- g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

The Board adopted on 28 August 2013 a board diversity policy (the "Board Diversity Policy") and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Board recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will discuss and review the necessity to set measurable objectives for implementing the Board Diversity Policy from time to time to ensure the appropriateness and the progress made towards achieving those objectives will be ascertained.

## **BOARD LEVEL**

Pursuant to the Board Diversity Policy, selection of candidates for Board appointments will be based on meritocracy and candidates will be considered against a range of objective criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service, having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness from time to time.

As at the date of this annual report, the Board consists of 13 male members and two female directors. The Nomination Committee believes that gender diversity is a representing manifestation of board diversity, among all other measurable objectives.

The Company will engage more resources in training female staff who have long and relevant experience in the mining industry, with the aim of promoting them to the senior management or directorship of the Group. The Company expects to have more female members who would be qualified to sit on the Board in the future. The Nomination Committee considered that the Board is sufficiently diverse (including in terms of gender) and the Board has not set any measurable objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and evaluate the business needs of the Group periodically to consider the need for setting any measurable objectives (if appropriate).

# Corporate Governance Report

## WORKFORCE LEVEL

The Group is also committed to achieving gender diversity across the workforce (including senior management). The details of gender ratio in the workforce (including senior management) are shown in the “Environmental, Social and Governance Report” for the year ended 31 December 2025. The recruitment policy of the Group is to only consider the personal merits and capabilities, qualifications, working experiences and performance of the individuals during the recruitment process, transferal, promotion, and training regardless of gender. In the interests of enhancing efficiency, the Company has not set any measurable objective for achieving gender diversity at workforce level. The Company has nonetheless always adopted a meritocratic approach and adhered to the principle of openness and fairness without any discrimination in respect of gender, disability, marital status, pregnancy, religion, nationality, social or economic class, rural or urban, political opinion, pathogen-carrier or sexuality.

During the year ended 31 December 2025, the Nomination Committee held two meetings. The Nomination Committee reviewed the Board composition, assessed the independence of the independent non-executive Directors, made recommendation on the re-election of Directors and nomination of new Directors.

The members and attendance of the Nomination Committee meeting during the year ended 31 December 2025 are as follows:

Name of Director	Number of attendance
Mr. Li Yunde ( <i>chairman</i> ) ( <i>until 18/12/2025</i> )	2/2
Mr. Li Xiaoyang	2/2
Mr. Zhang Jingsheng	2/2
Ms. Wei Jiaming ( <i>chairperson</i> ) ( <i>appointed on 18/12/2025</i> ) ( <i>Note</i> )	0/0

*Note:* Ms. Wei Jiaming has been Director and chairperson of the Nomination Committee since 18 December 2025 and no Nomination Committee meeting has been held during the year ended 31 December 2025 after her appointment.

## REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 9 April 2012 which was revised on 6 January 2016 and 30 March 2023 to comply with the CG Code. The terms of reference of the Remuneration Committee is currently made available on the Stock Exchange’s website and the Company’s website.

During the year ended 31 December 2025, the Remuneration Committee consisted of one executive Director, namely Mr. Li Yunde, and two independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman) and Mr. Zhang Jingsheng.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and to review and/or approve matters relating to shares schemes under Chapter 17 of the Listing Rules. The Remuneration Committee makes recommendations to the Board on the remuneration package of executive Directors and senior management.

# Corporate Governance Report

During the year ended 31 December 2025, the Remuneration Committee held two meetings. The Remuneration Committee reviewed the remuneration of Directors and the senior management, and made recommendation to the Board on the remuneration of new Directors.

The members and attendance of the Remuneration Committee meeting during the year ended 31 December 2025 are as follows:

<b>Name of Director</b>	<b>Number of attendance</b>
Mr. Leung Nga Tat ( <i>chairman</i> )	2/2
Mr. Li Yunde	2/2
Mr. Zhang Jingsheng	2/2

The Company adopted a restricted share award scheme (the "Share Award Scheme") as an incentive to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group. Restricted shares under the Share Award Scheme will be comprised of Shares subscribed for or purchased by the trustee out of cash arranged by the Company out of the Company's funds to the trustee.

The Directors believe that the compensation packages offered by the Group to staff members are competitive in comparison with market standards and practices.

The emolument payable to the Directors and senior management will depend on their respective contractual terms under employment contracts, if any, and will be fixed by the Board after taking into account the recommendation from the Remuneration Committee, the performance of the Group and the prevailing marketing conditions. Details of the remuneration of the Directors and senior management for the year ended 31 December 2025 are set out in notes 35 and 37 to the consolidated financial statements.

## SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group (including remuneration paid to the members of the executive committee of Shandong Ishine) in the year ended 31 December 2025 falls within the following bands:

	<b>Number of Individuals</b>
HK\$500,000 or below	5
HK\$500,001 to HK\$1,000,000	1

## AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference, which was revised on 6 January 2016 and 29 March 2019 respectively to comply with the CG Code. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

During the year ended 31 December 2025, the Audit Committee comprised four independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther.

# Corporate Governance Report

The Audit Committee is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of resignation or dismissal of such auditor; (ii) reviewing the interim and annual reports and accounts of the Group; (iii) overseeing the Company's financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget) and; (iv) reviewing the risk management and internal control systems.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 December 2025, the Audit Committee held 2 meetings.

The members and attendance of the Audit Committee meetings during the year ended 31 December 2025 are as follows:

<b>Name of Director</b>	<b>Number of attendance</b>
Mr. Leung Nga Tat ( <i>chairman</i> )	2/2
Mr. Li Xiaoyang	2/2
Mr. Zhang Jingsheng	2/2
Ms. Cheng Shuk Teh Esther	2/2

During the year ended 31 December 2025, the Audit Committee reviewed, among others, the 2024 annual results and the 2025 interim results of the Group. The Audit Committee was in the opinion that the preparation of such consolidated financial statements complied with the applicable accounting standards and the Listing Rules.

The Audit Committee noted the existing risk management and internal control systems of the Group and also noted that review of the same will be carried out annually.

The accounts for the year ended 31 December 2025 were audited by Crowe (HK) CPA Limited whose term of office will expire upon the conclusion of the forthcoming annual general meeting of the Company ("2026 AGM"). The Audit Committee has reviewed the terms of engagement of Crowe (HK) CPA Limited, inter alia, (i) the size and structure as well as the nature and complexity of the business of the Group, (ii) the relevant audit fees and (iii) the resources deployed by Crowe (HK) CPA Limited in respect of the audit of the financial statements of the Group in accordance with "Guidelines for the Effective Operation of Audit Committees – Selection, Appointment and Reappointment of Auditors" published by the Financial Reporting Council on 16 December 2021 and recommended to the Board the re-appointment of Crowe (HK) CPA Limited as the auditor of the Company at the 2026 AGM.

# Corporate Governance Report

## CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

## AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the remuneration paid/payable to the Company's auditor, Crowe (HK) CPA Limited, was as follows:

RMB'000

### Services rendered

Audit services	1,355
Non-audit services	403
	<hr/>
	1,758

The non-audit services comprise of professional services provided by the Company's auditor in relation to the Company's 2024 interim report.

## COMPANY SECRETARY

During 1 January 2025 to 31 December 2025, the Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment.

Ms. Chan Yuen Ying, Stella ("Ms. Stella Chan"), the representative of Uni-1, was appointed as the Company Secretary.

Ms. Chan Wing Ki Michele, the chief financial officer of the Company, is the primary corporate contact person at the Company for the Company Secretary.

# Corporate Governance Report

According to the requirements of Rule 3.29 of the Listing Rules, Ms. Stella Chan had taken no less than 15 hours of relevant professional training for the year ended 31 December 2025.

Ms. Stella Chan has resigned as company secretary with effect from 31 December 2025 and Mr. Tam Chi Ming George was appointed as company secretary with effect from the same date.

## **DIVIDEND POLICY**

In considering the payment of dividends, there shall be a balance between retaining adequate reserves for the Group's future growth and rewarding the Shareholders.

The Board shall also take into account, among other things, the following factors when considering the declaration and payment of dividends:

- the Group's overall results of operation, financial condition, expected working capital requirements and capital expenditure requirements, liquidity position and future expansions plans;
- the amount of retained profits and distributable reserves of the Company;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deems relevant.

The declaration and payment of dividends by the Company is subject to any restrictions under the Companies Act of the Cayman Islands, the Company's memorandum and articles of association, the Listing Rules and any other applicable laws and regulations.

The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

## **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.

# Corporate Governance Report

## **SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING**

Pursuant to Article 64 of the articles of association of the company (the “Articles”), an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, on the date of deposit of the requisition, a minority stake in the total number of issued Shares, and the minimum stake required to do this shall not be higher than 10% of the voting rights (on a one vote per Share basis) in the issued share capital of the Company. Such Shareholder(s) shall also be entitled to add resolutions to the agenda for the extraordinary general meeting concerned. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## **Putting enquiries by Shareholders to the Board**

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company’s principal place of business in Hong Kong.

## **Procedures for putting forward proposals by Shareholders at Shareholders’ meetings**

Shareholders of the Company are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed “Shareholders to convene an extraordinary general meeting”. Pursuant to Article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgment of the notices will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company. Shareholders may refer to the above procedures for putting forward any other proposals at general meetings.

## **Voting by Poll**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming general meeting of the Company will be voted by poll.

# Corporate Governance Report

## INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the Shareholders.

The Board adopted a Shareholders communication policy on 31 December 2012 (the “Shareholders Communication Policy”) which sets out the provisions with the objective of ensuring that the Company’s Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

### General Policy

The Board shall maintain an on-going dialogue with Shareholders and the investment community and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

According to the Shareholders Communication Policy, there are multiple channels for information of the Company to be disseminated to Shareholders and the investment community, which are included in the following manners:

- Delivery of annual and interim reports to all Shareholders;
- Publication of announcements on the annual and interim results on the Stock Exchange’s website and the Company’s website, and issue of other announcements and Shareholders’ circulars in accordance with the continuing disclosure obligations under the Listing Rules and other corporate communications on the Stock Exchange’s website and the Company’s website; and
- The general meetings of the Company are also an effective communication channel between the Board and the Shareholders.

Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times.

### Communication Strategies

#### *Shareholders’ Enquiries*

Shareholders should direct their questions about their shareholdings to the Company’s branch share registrar in Hong Kong. Shareholders and the investment community may at any time make a request for the Company’s information to the extent such information is publicly available. Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make enquiry in respect of the Company.

# Corporate Governance Report

## ***Corporate Communications***

Corporate communications have the meaning ascribed thereto in the Listing Rules, which include but are not limited to (i) the Directors' report and the annual accounts together with a copy of the independent auditor's report; (ii) the annual reports and interim reports; (iii) a notice of meeting; (iv) a circular; and (v) a form of proxy will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

## ***Corporate Website***

A dedicated Investors Relations section is available on the Company's website. Information on the Company's website will be updated on a regular basis. Information released by the Company to the Stock Exchange will also be posted on the Company's website according to the requirements under the Listing Rules. Such information includes financial statements, results announcements, circulars and notices of general meetings etc.

## ***Shareholders' Meetings***

Shareholders are encouraged to participate in all general meetings or to appoint proxies to attend and vote for and on their behalf if they are unable to attend any general meetings. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders' participation. The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. Board members, in particular, the chairmen of the Board committees or their delegates, appropriate management executives and external auditors will attend the annual general meeting to answer Shareholders' questions.

## ***Shareholder Privacy***

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Board has conducted a review of the Shareholders Communication Policy for the year ended 31 December 2025 to ensure the effectiveness of the Shareholders Communication Policy. Such review shall be conducted annually. The Board considered that the Shareholders Communication Policy for the year ended 31 December 2025 was effective.

## **CONSTITUTIONAL DOCUMENTS**

During the year ended 31 December 2025, the memorandum of association of the Company and the Articles had been amended to modernize the Company's governance structure, improve shareholder rights, and ensure alignment with applicable laws, the Listing Rules, and international best practices, which included updates to facilitate electronic communication, enhance corporate governance, and improve operational flexibility.

## **DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 December 2025, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Corporate Governance Report

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement by the auditor of the Company about its responsibilities for the financial statements is set out in the independent auditor's report contained in this annual report.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

During the year, the Group has complied with Principle D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

### **Risk Management System**

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2025, no significant risk was identified.

### **Internal Control System**

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

# Corporate Governance Report

- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2025, no significant control deficiency was identified.

## Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee.

## Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its reviews and the reviews made by IA function and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

# Report of the Directors

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

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 30 to the consolidated financial statements.

## **BUSINESS REVIEW**

A fair review of the Group's business, including the likely future developments, principal risks and uncertainties facing the Group, analysis using financial key performance indicators, and important events affecting the Group since the end of the financial year, is discussed under the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights". Financial risks facing by the Group are also disclosed in note 3 to the consolidated financial statements. Such discussion forms an integrate part of this report.

## **Environmental Policies and Performance**

The Group is subject to, among others, a number of laws and regulations in China concerning overall environmental protection and impact to the environment. The Group places high emphasis on environmental treatment and adheres to innovation in technology to improve manufacturing efficiency and reduce energy consumption, therefore accomplishing sustainable recycled economy.

The environmental policies and performance of the Group during the year ended 31 December 2025 which contained the information required under Appendix C2 to the Listing Rules is set out in the "Environmental, Social and Governance Report" which is published on the Stock Exchange's website and the Company's website.

## **Compliance with Laws and Regulations**

During the year ended 31 December 2025, the Group has complied, to the best knowledge of the Directors, with the relevant laws and regulations that have a significant impact on the Group.

## **Relationship with Stakeholders**

The success of the Group depends on the support from key stakeholders. Further details of the relationships of the Group with stakeholders are set out in the "Environmental, Social and Governance Report" which is published on the Stock Exchange's website and the Company's website.

## **RESULTS AND APPROPRIATIONS**

The Group's results for the year ended 31 December 2025 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 75 to 78 and 158 to 159, respectively.

# Report of the Directors

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the forthcoming annual general meeting of the Company ("2026 AGM") to be held on 23 June 2026, the register of members of the Company will be closed from 17 June 2026 to 23 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 16 June 2026.

The record date for determining Shareholders' entitlement to attend and vote at the AGM shall be 23 June 2026.

## SHARE CAPITAL

Details of movements in the Company's share capital for the year ended 31 December 2025 are set out in note 17 to the consolidated financial statements.

## SHARES ISSUED

The Company has not issued any Shares during the year ended 31 December 2025.

## DEBENTURES ISSUED

The Group has not issued any debenture during the year ended 31 December 2025.

## PRE-EMPTIVE RIGHTS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury Shares) during the year ended 31 December 2025.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to the Shareholders amounted to approximately RMB271,317,000 (2024: RMB284,118,000).

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

# Report of the Directors

## DIRECTORS

The Directors during the year and up to the date of this report are as follows:

### Executive Directors

Wei Jiaming (*Chairperson*) (*appointed on 18/12/2025*)

Geng Guohua (*Chief Executive Officer*)

Ng Hoi Kam (*appointed on 18/12/2025*)

Liao Daxue (*appointed on 18/12/2025*)

Chen Hongzheng (*appointed on 18/12/2025*)

Lang Weiguo (*resigned on 8/1/2026*)

Li Yunde (*resigned on 8/1/2026*)

### Non-executive Directors

He Guangping (*Vice-chairman*) (*appointed on 8/1/2026*)

Zhao Ju (*appointed on 18/12/2025*)

Xia Chun (*appointed on 18/12/2025*)

Wang Dong (*appointed on 18/12/2025*)

Cheng Yan (*appointed on 8/1/2026*)

### Independent Non-executive Directors

Xie Jie (*appointed on 18/12/2025*)

Wong Chi Wah (*appointed on 18/12/2025*)

Liu Haitian (*appointed on 8/1/2026*)

Liu Huangsong (*appointed on 8/1/2026*)

Yuan Yuan (*appointed on 8/1/2026*)

Leung Nga Tat (*resigned on 8/1/2026*)

Li Xiaoyang (*resigned on 8/1/2026*)

Zhang Jingsheng (*resigned on 8/1/2026*)

Cheng Shuk Teh Esther (*resigned on 8/1/2026*)

In accordance with Article 112 of the Articles, each of Ms. Wei Jiaming, Mr. Ng Hoi Kam, Mr. Liao Daxue, Mr. Chen Hongzheng, Mr. Zhao Ju, Mr. Xia Chun, Mr. Wang Dong, Mr. Xie Jie, Mr. Wong Chi Wah, being Directors appointed on 18 December 2025, and each of Ms. Cheng Yan, Mr. He Guangping, Mr. Liu Haitian, Mr. Liu Huangsong, and Mr. Yuan Yuan, being Directors appointed on 8 January 2026, shall hold office until the 2026 AGM, and being eligible, each offers himself/herself for re-election.

## INDEPENDENCE CONFIRMATION

Each of the independent non-executive Directors has confirmed to the Company his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

# Report of the Directors

## SHARE AWARD SCHEME

The Board adopted the Share Award Scheme on 28 December 2020 and amended its terms at the 2024 annual general meeting held 6 June 2024 to conform with the requirements under the Listing Rules in respect of share scheme.

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

1. The purposes of the Share Award Scheme are to recognise the contributions by employees and to give incentives in order to retain them for their continuing operation and development and to attract suitable personnel for further development of the Group.
2. The eligible participants of the Share Award Scheme shall only include any employee (whether full time or part time, including any executive director, non-executive director and independent non-executive director) of the Company or any of its subsidiaries, and including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with these companies.
3. The maximum number of Shares issuable pursuant to the Share Award Scheme and any other share schemes of the Company (if any) in aggregate is 35,028,652 Shares, representing 10% of the issued Shares (excluding treasury Shares) as at the date of this annual report.
4. Where any grant of awards to a grantee under the Share Award Scheme would result in Shares issued and to be issued in respect of all options or awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of the Company (being the maximum entitlement of each eligible person under the Share Award Scheme), such grant of awards must be separately approved by the Shareholders in general meeting with such selected grantee and his/her close associates (or his/her associates if the selected grantee is a connected person of the Company) abstaining from voting.
5. Where any grant of awards under the Share Award Scheme to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and awards granted under other share schemes of the Company (if any)(excluding any awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company, such grant of awards must be approved by the Shareholders in general meeting (with such selected grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting).

## Report of the Directors

6. Where any grant of awards under the Share Award Scheme and options and awards to be granted under any other share schemes of the Company (if any) to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and all options and awards granted under any other share schemes of the Company (if any)(excluding any options and awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company (if any)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company, such grant of awards must be approved by Shareholders in general meeting (with such selected grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting).
7. Unless otherwise determined by the Board at its discretion, vesting period of the awards granted under the Share Award Scheme shall not be shorter than 12 months from the date of grant.
8. No consideration shall be payable by any selected participant on acceptance of an award under the Share Award Scheme.
9. The Share Award Scheme shall be valid and effective for a period of 10 years from the date of its adoption, i.e. 28 December 2020, with a remaining life of approximately 4.5 years.

The Company has appointed Greenfield Services Limited as trustee for the Share Award Scheme. As at 31 December 2025, 501,000 restricted shares were held by the trustee for the purpose of the Share Award Scheme.

Since the adoption of the Share Award Scheme and up to 31 December 2025, there was no new share allotted and issued to the trustee by the Company and no restricted shares was granted to any employees of the Group under the Share Award Scheme.

As at 1 January 2025 and 31 December 2025, the restricted shares available for grant under the Share Award Scheme was 35,028,652. Save for the Share Award Scheme, the Company does not have any other share scheme.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

### **DIRECTORS' SERVICE CONTRACTS**

Each of Mr. Li Yunde and Mr. Lang Weiguo, prior to their resignation on 8 January 2026, and Mr. Geng Guohua had entered into a renewed service agreement with the Company on 27 March 2024 for the renewal of the term of three years commencing from 27 April 2024 unless terminated by not less than three months' notice in writing served by either party on the other or in accordance with the provisions set out in the respective service agreement. Each of the executive Directors may receive a discretionary bonus, the amount of which will be determined by the Board with reference to the recommendations of the Remuneration Committee.

# Report of the Directors

Mr. Li Xiaoyang and Mr. Zhang Jingsheng, being independent non-executive Directors, entered into a renewed service agreement with the Company on 27 March 2024 for the renewal of the term of two years commencing from 27 April 2024. Mr. Li and Mr. Zhang resigned on 8 January 2026.

Mr. Leung Nga Tat, an independent non-executive Director, entered into a renewed service agreement with the Company on 30 March 2023 for the renewal of the term of two years commencing from 18 June 2023. Mr. Leung resigned on 8 January 2026.

Ms. Cheng Shuk Teh Esther, an independent non-executive Director, entered into a service agreement with the Company on 6 June 2024 for a term of two years commencing from 6 June 2024. Ms. Cheng resigned on 8 January 2026.

Ms. Wei Jiaming, Mr. Ng Hoi Kam, Mr. Liao Daxue and Mr. Chen Hongzheng, the executive Directors appointed on 18 December 2025, each entered into a service agreement with the Company on 18 December 2025 for a term of three years commencing from 18 December 2025.

Mr. Xia Chun, Mr. Wang Dong and Mr. Zhao Ju, the non-executive Directors appointed on 18 December 2025, each entered into a service agreement with the Company on 18 December 2025 for a term of two years commencing from 18 December 2025.

Mr. Xie Jie and Mr. Wong Chi Wah, the independent non-executive Directors appointed on 18 December 2025, each entered into a service agreement with the Company on 18 December 2025 for a term of two years commencing from 18 December 2025.

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS**

Save as those disclosed in the section headed "Connected Transactions", none of the Directors nor any entity connected with them had a significant beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at 31 December 2025 or at any time during the year ended 31 December 2025, nor any transaction, arrangement or contract of significance has been entered into at 31 December 2025 or at any time during the year ended 31 December 2025 between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

## **CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS**

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Ms. Cheng Yan was appointed as an independent non-executive director of Fuyao Glass Industry Group Co Ltd, whose shares are listed on the Stock Exchange (stock code: 3606), with effect from 16 September 2025.

# Report of the Directors

- Mr. Yuan Yuan was appointed as an independent non-executive director of Dongwu Cement International Limited, whose shares are listed on the Stock Exchange (stock code: 695), with effect from 4 June 2025.

Save as disclosed above, the Company is not aware of any changes in the Directors' information during the year ended 31 December 2025 which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## CHARITABLE DONATIONS

During the year, the Group had charitable donation of HKD100,000 to HK & Macau Taiwanese Charity Fund for the rescue operations in Wang Fuk Court, Tai Po, Hong Kong. (2024: Nil).

## EQUITY-LINKED AGREEMENTS

Save for the Share Award Scheme as set out above in this report, no other equity-linked agreement was entered into by the Group during the year or subsisting at the end of the year.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not a contract of service with any Director or person engaged in full-time employment of the Group were entered into or existed during the year ended 31 December 2025.

## COMPETING INTERESTS

None of the Directors or any of their respective associates had any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

The Board has established a review committee (the "Committee") comprising all the independent non-executive Directors which was delegated with the authority to review on an annual basis of the non-competition undertaking given by Mr. Li Yunde and Hongfa (collectively, the "Covenantors") in the deeds of non-competition (the "Deeds of Non-competition") entered into by, among others, the Covenantors dated 9 April 2012. An extract of the material terms of the Deeds of Non-competition had been set out in the prospectus of the Company dated 17 April 2012. The Covenantors confirmed that (a) they have provided all information necessary for the enforcement of the Deeds of Non-competition as requested by the Committee from time to time; and (b) from the effective date of the Deeds of Non-competition, i.e. 9 April 2012 and up to 31 December 2025, they had complied with the Deeds of Non-competition. The Committee also confirmed that they were not aware of any non-compliance with the Deeds of Non-competition by the Covenantors during the same period.

## RETIREMENT SCHEMES

The Group participates in a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and a Mandatory Provident Fund Scheme for the employee in Hong Kong. Particulars of these retirement plans are set out in note 2.20 to the consolidated financial statements in this annual report.

# Report of the Directors

## PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622, Laws of Hong Kong (the "Companies Ordinance")) when the Report of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance. The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

## CAPITAL COMMITMENTS

Details of capital commitments are disclosed in note 34 to the consolidated financial statements in this annual report.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interest or short positions of the Directors or chief executives in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or pursuant to the Model Code, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, are set out below:

### (a) Interests or short positions in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity/Nature	Long position/ Short position (Note 1)	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Ms. Wei Jiaming	Interest of controlled corporation (Note 3)	Long position	175,493,551	50.10%
Mr. Ng Hoi Kam	Beneficial Owner	Long position	19,466,280	5.56%
Mr. Geng Guohua	Beneficial Owner	Long position	1,258,933	0.36%
Mr. Lang Weiguo	Interest of controlled corporation (Note 4)	Long position	1,246,666	0.36%

# Report of the Directors

*Notes:*

1. All interest in Shares were long positions.
2. The shareholding percentage figures presented in the table above are calculated on the basis of the number of issued Shares as at 31 December 2025, i.e. 350,286,528 Shares, and are subject to rounding adjustments.
3. The shares are held by Prominence Investment, an investment-holding company which is wholly-owned by SSC Group Limited ("SSC"), which is in turn directly held as to 50% by Ms. Wei Jiaming and her spouse, Mr. William Ng. As such, Ms. Wei Jiaming is deemed to be interested in the Shares held by Prominence Investment by virtue of the SFO.
4. Such Shares include 1,203,333 Shares held by All Five Capital Ltd and 43,333 Shares held by Novi Holdings Limited, each being a company wholly owned by Mr. Lang Weiguo, an executive Director who resigned in January 2026.

## (b) Interest in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/ Nature (Note 1)	Number and class of shares	Approximate percentage of shareholding (Note 2)
Ms. Wei Jiaming	SSC	Beneficial Owner	5,000 ordinary shares	50%
		Interest of spouse (Note 3)	5,000 ordinary shares	50%
	Prominence Investment	Interest of controlled corporation (Note 3)	50,000 ordinary shares	100%

*Notes:*

1. All interest in Shares were long positions
2. The percentage of shareholding is calculated based on the total issued shares of the respective associated corporations as at 31 December 2025.
3. The 50,000 shares in Prominence Investment are held by SSC, which is owned as to 50% each by Ms. Wei Jiaming and her spouse, Mr. William Ng.

Save as disclosed above, as at 31 December 2025, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# Report of the Directors

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2025, so far as is known to any Director, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of interest	Long position/ Short position (Note 1)	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Prominence Investment	Beneficial Owner	Long position	175,493,551 (Note 3)	50.10%
SSC	Interest of controlled corporation	Long position	175,493,551	50.10%
Mr. William Ng	Interest of controlled corporation	Long position	175,493,551	50.10%

### Notes:

1. All interest in Shares were long positions.
2. The shareholding percentage figures presented in the table above are calculated on the basis of the number of issued Shares as at 31 December 2025, i.e. 350,286,528 Shares, and are subject to rounding adjustments.
3. Prominence Investment is wholly-owned by SSC, which is in turned owned to 50% each by Ms. Wei Jiaming and her spouse, Mr. William Ng. As such, each of SSC, Mr. William Ng and Ms. Wei Jiaming is deemed to be interested in the shares of the Company held by Prominence Investment by virtue of the SFO. Ms. Wei is a director of each of Prominence Investment and SSC.

Save as disclosed above, as at 31 December 2025, no other parties had, or deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register of the Company required to be kept under section 336 of the SFO.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the Group's related party transactions for the year ended 31 December 2025 are set out in Note 35 to the consolidated financial statements. Some of those transactions constituted connected transactions or continuing connected transactions and have complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

# Report of the Directors

## CONNECTED TRANSACTIONS

### Key Management Compensation

The material related party transactions in relation to the key management compensation remuneration, which is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.95 of the Listing Rules as disclosed in Note 35 to the consolidated financial statements in this annual report.

## RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, the Group had entered into certain related party transactions but these transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in Note 35 to the consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, approximately 92% of the Group's turnover and approximately 91% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers, respectively. Approximately 49% of the Group's turnover and approximately 85% of the Group's purchases were attributable to the Group's largest customer and the Group's largest supplier, respectively. To the best knowledge of the Directors, none of the Directors or chief executives of the Company or any shareholder owning more than 5% of the Company's share capital or their respective associates, had any interest in the Group's five largest customers or five largest suppliers.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2025.

## AUDIT COMMITTEE

The Company established the Audit Committee on 9 April 2012 with written terms of reference in compliance with the CG Code, which comprised of four independent non-executive Directors, namely Mr. Leung Nga Tat (as chairman), Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther during the year ended 31 December 2025. The main objectives of the Audit Committee are to be responsible for the relationship with the Company's auditor, review of the Company's financial information, monitor the Company's financial reporting system and to review the risk management and internal control systems. The Audit Committee had reviewed this annual report and the audited annual financial statements for the year ended 31 December 2025 before such documents were tabled at a meeting of the Board held on 30 March 2026 for the Board's review and approval, and was of the opinion that such documents had complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 28 to 44 of this annual report.

# Report of the Directors

## AUDITORS

There is no change in auditor during the past three years. A resolution will be submitted to the 2026 AGM to re-appoint Crowe (HK) CPA Limited as the auditor of the Company.

On behalf of the Board

**Add New Energy Investment Holdings Group Limited**

A handwritten signature in black ink, appearing to read '魏嘉明' (Wei Jiaming), written in a cursive style.

**Wei Jiaming**

*Chairperson of the Board and Executive Director*

Hong Kong, 31 March 2026

\* *For identification purpose only*

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

### **Ms. Wei Jiaming (“Ms. Wei”) (appointed on 18/12/2025)**

Ms. Wei, aged 42, was appointed as an executive Director and chairperson of the Board and the Company on 18 December 2025. She has over 15 years of experience in investment. Since March 2017, she has been the president of Shangshan Capital Group Co., Limited (上善資本集團有限公司) (“SSC Capital”), a company principally engaged in wealth management research, wealth management consultancy and services, asset management and investment management and advisory services. Prior to joining SSC Capital, she served as the general manager of Beijing Century Hualong Investment Management Consulting Co., Ltd.\* (北京世紀華隆投資管理顧問有限公司) from August 2009 to December 2016, and worked in the tax division of PricewaterhouseCoopers Consulting (Shenzhen) Limited Guangzhou Branch before that from August 2006.

Ms. Wei obtained a bachelor degree in economics in June 2006 from Sun Yat-Sen University.

### **Mr. Geng Guohua (“Mr. Geng”)**

Mr. Geng, aged 55, was appointed as an executive Director and the Chief Operating Officer of the Company on 9 April 2012. He was appointed as the Chief Executive Officer of the Company on 14 May 2013 and resigned as the Chief Operating Officer of the Company with effect from 2 May 2014. Mr. Geng was the chief operating officer of Shandong Ishine Mining Industry Co., Ltd (“Shandong Ishine”) from 2007 to 2 May 2014, an indirect wholly-owned subsidiary of the Company, and has been a director of Shandong Ishine since November 2010 during which he has acquired relevant experience in the operation of iron and ilmenite mines. He is primarily responsible for the Group’s overall operation. Mr. Geng began his career in 1989 and worked at different managerial levels in Shandong Liahed Chemical Industry Co., Ltd. (山東聯合化工股有限公司). From 1999 to 2003, he worked as a management person of Shandong Fuyuan Leather Group Ltd. (山東富源皮革集團有限公司) and was responsible for its technical services, production and sales management. He had been the deputy general manager in charge of production of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (formerly known as Beijing Huiyuan Juice Group Limited (北京匯源果汁集團有限公司), a company formerly listed on the Stock Exchange and delisted since 18 January 2021; stock code: 1886) from 2003 to 2007 and was responsible for its general management.

Mr. Geng graduated at Correspondence Institute of the Party School of Central Committee of Communist Party of China (中共中央黨校函授學院) majoring in Law in December 2001. Mr. Geng was accredited as a Human Resources Developments and Project Technician (Enterprise Human Resource Management) (人力資源開發管理工程技術人員 (企業人力資源管理人員)) in October 2003 by the Occupational Skill Testing Authority (職業技能鑒定 (指導) 中心) of Shandong Province, the PRC. He has been a board member of the Chinese Enterprises Investment Association since 2022 and also an enterprise mentor of MBA in Jiangnan University since December 2017.

## Biographical Details of Directors and Senior Management

### **Mr. Li Yunde (“Mr. Li”) (resigned on 8/1/2026)**

Mr. Li, aged 58, was appointed as a Director on 8 February 2011 and redesignated as an executive Director on 9 April 2012. Mr. Li was also the chairman of the Board, the chairman of the Nomination Committee, a member of the Remuneration Committee and a director of certain subsidiaries of the Group prior to his resignation. He was primarily responsible for the Group’s overall strategic planning, business development and management. Mr. Li has over 25 years of experience in iron ore exploration, mining and processing in Shandong Province, the PRC. Mr. Li graduated from Shandong University (山東大學) in July 2002, majoring in marketing (市場行銷). He has also completed the China Private Enterprise Entrepreneur Training (中國民營企業總裁研修) held by Tsinghua University (清華大學) in March 2005. He has been the chairman of the Board of the Association of Industry and Commerce of Linyi City, Yishui County, Shandong Province (沂水縣工商業聯合會). Mr. Li was awarded the “Outstanding Member of the National People’s Congress of Linyi City (臨沂市優秀人大代表)” in February 2007 by the Standing Committee of the National People’s Congress of Linyi City and the “Model Worker of Shandong Province (山東省勞動模範)” in April 2008 by the People’s Government of Shandong Province. Since November 2012, Mr. Li has been the Vice-President of China Mining Association (中國礦業聯合會) Australian Branch, and was elected as the Representative of the National People’s Congress of Shandong Province in January 2013. He has been the Standing Director of China Federation of Industry & Commerce (全國工商業聯合會) Metallurgy Branch. He has also been the Standing Director of the Chinese Enterprises Investment Association since 2013 and also the Vice-Chairman of the board of directors of the Listed Companies Council of the Hong Kong Chinese Enterprises Association since November 2015. Mr. Li was selected as 2017-2018 National Excellent Entrepreneur by China Enterprise Confederation, China Enterprise Directors Association and China Enterprise Management Science Foundation. Mr. Li had resigned as executive Director, chairman of the Board, the chairman of the Nomination Committee and member of the Remuneration Committee on 8 January 2026.

### **Mr. Lang Weiguo (“Mr. Lang”) (resigned on 8/1/2026)**

Mr. Lang, aged 66, was appointed as an executive Director on 9 April 2012. He joined the Group in 2010 and was the vice chairman of the board of directors of Shandong Ishine since November 2010. He was primarily responsible for the Group’s business development and investment. Mr. Lang was also a director of Fortuneshine Investment Ltd. and Shine Mining Investment Limited, both of which are the subsidiaries of the Group. He received a bachelor degree in Engineering from Agriculture University of Heilongjiang (黑龍江八一農墾大學) in July 1982 and further obtained his master’s and doctorate degrees in Engineering from University of Saskatchewan in Canada in May 1989 and May 1993, respectively. From 1999 to 2004, he had been the president and a director of Q-Net Technologies Co., Ltd., a company which was quoted on the Over-The-Counter Bulletin Board Trading System (symbol: QNTI) in the United States of America, responsible for its general management and business development. From 2004 to 2005, he became the chairman of the board of directors of Savoy Resources Co., Ltd., a company quoted on the National Association of Securities Dealers Over-The-Counter Bulletin Board (symbol: SVYR) in the United States of America, responsible for its business development. From 2003 to 2008, he acted as a director of Vendtek Systems Inc., a company listed on Toronto Stock Exchange Venture (symbol: VSI) in Canada, responsible for its business development. From 2007 to 2011, Mr. Lang had also been a director of Zhongrun (Tianjin) Mining Development Co., Ltd (中潤(天津)礦業開發有限公司), a PRC company principally engaged in the development and exploration of metal mines and resources, and relevant consultancy services, responsible for its business development. Since June 2015, Mr. Lang has become the Director, CEO & President of Ultra Lithium Inc., a public company listed on Toronto Stock Exchange Venture (Symbol: TSXV-ULT) in Canada. Mr. Lang had resigned as executive Director on 8 January 2026.

# Biographical Details of Directors and Senior Management

## **Mr. Ng Hoi Kam (“Mr. Ng”) (appointed on 18/12/2025)**

Mr. Ng, aged 52, was appointed as an executive Director on 18 December 2025. He has over 25 years of experience in the investment banking and financial industry focusing on the areas of initial public offerings, mergers and acquisitions, corporate restructuring and other financial advisory services to listed companies and listing applicants in Hong Kong. From September 2017 to October 2025, he served successively as the deputy general manager and executive Director of CMBC Capital Holdings Limited (“CMBC Capital”, a company listed on the Stock Exchange (Stock Code: 1141)), and while also acting as a Responsible Officer and director of each of CMBC International Capital Limited and CMBC Securities Company Limited, both of which are wholly owned subsidiaries of CMBC Capital. Being a part of their senior management, he was in charge of the equity capital market and investment banking businesses and the research department. From December 2000 to July 2017, he served as the managing director of corporate finance in Haitong International Capital Limited. From July 1997 to December 2000, he worked in Arthur Anderson & Co. (now known as PricewaterhouseCoopers).

Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants. He received his bachelor of business administration from the Chinese University of Hong Kong in December 1997 and his Master of Economics from the University of Hong Kong in November 2007.

## **Mr. Liao Daxue (“Mr. Liao”) (appointed on 18/12/2025)**

Mr. Liao, aged 61, was appointed as an executive Director on 18 December 2025. He has over ten years of management experience in the PRC mining industry. During 2003 to 2018, Mr. Liao had served as the deputy mine manager of Hunan Huangshaping Lead-Zinc Mine, the chairman and general manager of Hunan Nonferrous Metals Xintianling Tungsten Co., Ltd. (湖南有色新田嶺鎢業有限公司), chairman of the board and general manager of Hunan Shizhuyuan Nonferrous Metals Co., Ltd.\* (湖南柿竹園有色金屬有限責任公司), the deputy director of the tungsten business division of China Minmetals Nonferrous Metals Holding Co., Ltd. (中國五礦有色金屬控股有限公司), and deputy general manager of China Tungsten and Hightech Materials Co., Ltd. (中鎢高新材料股份有限公司) (“China Tungsten”), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000657) and a member of the China Minmetals group (中國五礦集團), a state-owned enterprise directly subordinated to the PRC central government.

Mr. Liao obtained a bachelor degree in engineering with a major in mining engineering and an MBA from Central South University (中南大學) in July 1987 and December 2003, respectively. He obtained his qualifications as a senior engineer specialising in mining engineering in December 1999 accredited by the Hunan Province Personnel Bureau, as a senior engineer (research fellow) specialising in mining engineering in October 2011, and as a certified safety engineer in October 2017 accredited by Ministry of Human Resources and Social Security of the PRC and State Administration of Work Safety. He has served as the chairman of the governing committee of the Fifth and Sixth Council of the China Tungsten Industry Association.

# Biographical Details of Directors and Senior Management

## **Mr. Chen Hongzheng (“Mr. Chen”) (appointed on 18/12/2025)**

Mr. Chen, aged 39, was appointed as an executive Director on 18 December 2025. He has over ten years of experience in investment. Since January 2025, he has been serving as the managing director of SSC Capital. From 2015 to 2024, he served successively as the investment director of Shanghai Fosun Venture Capital Management Co., Ltd. (上海復星創業投資管理有限公司) (“Fosun VC”), the investment executive general manager of Fosun VC and the Maternal, Infant, and Family Industry Group within Shanghai Fosun High Technology (Group) Company Limited (上海復星高科技(集團)有限公司), and an investment lead in Baihe Jiayuan Network Group Co., Ltd. (百合佳緣網絡集團股份有限公司) representing its shareholder, Fosun International Ltd. (復星國際有限公司) (listed on the Stock Exchange (stock code: 656)), where he was responsible for expanding its business and brand portfolio through investment and mergers and acquisitions. Prior to that, he served as the deputy manager of the investment development division in Zhejiang Venture Capital Investment Group Co., Ltd\* (浙江省創業投資集團有限公司), a market-oriented professional investment institution approved and established by Zhejiang Provincial Development and Reform Commission.

Mr. Chen obtained a bachelor of arts degree in finance and investment in June 2009 from the University of Stirling and his master of science in finance in 2010 from Manchester Business School, University of Manchester. He is also a chartered financial analyst since 2015 awarded by the CFA Institute.

## **NON-EXECUTIVE DIRECTORS**

### **Mr. Zhao Ju (“Mr. Zhao”) (appointed on 18/12/2025)**

Mr. Zhao, aged 61, was appointed as a non-executive Director on 18 December 2025. He has over 20 years of experience in investment banking. He joined China Merchants Bank, a company listed on the Shanghai Stock Exchange (stock code: 600036) in November 2014 and has served as its deputy president from February 2015 to February 2019, during which time he had also been the chief executive officer and chairman of CMB International Capital Corporation Limited. During 2005 to 2014, Mr. Zhao worked in UBS and prior to his departure, served as co-head and chairman of China investment banking.

Mr. Zhao obtained his bachelor’s degree in national economic management from Tsinghua University in July 1988 and his MBA from Peking University in June 2005.

### **Mr. Xia Chun (“Mr. Xia”) (appointed on 18/12/2025)**

Mr. Xia, aged 51, was appointed as a non-executive Director on 18 December 2025. He has over 15 years of experience in economics and research. Since July 2024, Mr. Xia has served as Chief Economist and Head of Research at SSC Capital. From November 2021 to June 2024, Mr. Xia served as Chief Economist of Forthright Financial Holdings Co. Ltd., a company engaged in global securities and futures trading, asset management, equity financing, investment advisory and Hong Kong insurance services, and also served as Head of the Yintech Finance Research Institute at Yintech Investment Holdings Limited (銀科控股有限公司) (“Yintech”), which conducts research on domestic and international macroeconomic trends, monetary policy, fiscal policy, and financial regulatory developments. From August 2015 to October 2021, Mr. Xia devoted his time to serve as Director of Research Department of Noah International (Hong Kong) Holdings Limited (諾亞國際(香港)有限公司). Throughout August 2008 to July 2017, he also worked as a lecturer and professor at the University of Hong Kong, School of Economics and Finance and School of Business and the Faculty of Business and Economics. Since September 2024, Mr. Xia has been employed as an Adjunct Professor in the College of Business at the City University of Hong Kong.

## Biographical Details of Directors and Senior Management

Mr. Xia won the “Greater Bay Area Leading Economist Award” in 2023 awarded by the Greaterbay Financier Association, the “2023 Influential Video Creator Award” for his channel “Chun Xia Financial Intelligence (春夏財經知識)” in 2023 awarded by TMTPost Group and the “Annual Key Opinion Leader Award” in 2020 awarded by Sina Finance.

Mr. Xia graduated from Peking University majoring in Global Economics in July 1997. Subsequently, he completed a master’s program in World Economy at Peking University in September 2000. In August 2008, Mr. Xia obtained his degree of Doctor of Philosophy from the University of Minnesota in the United States.

### **Mr. Wang Dong (“Mr. Wang”) (appointed on 18/12/2025)**

Mr. Wang Dong, aged 52, was appointed as a non-executive Director on 18 December 2025. He has over ten years of experience in corporate management and strategic investment. In August 2023, Mr. Wang founded Khentii Mountains Energy Co., Limited (肯特山能源有限公司) and has been serving as its chairman of the board since then, being responsible for its overall operations and investment, development, trade and mineral rights acquisition in the energy sector. From September 2022 to June 2023, Mr. Wang served successively as the chief executive officer and executive director and then non-executive director of SouthGobi Resources Limited (南戈壁資源有限公司), a company whose shares are listed on the Stock Exchange (stock code: 1878) and the Toronto Stock Venture Exchange (stock code: TSX-V SGQ), a company which, through its subsidiaries, is principally engaged in coal mining, development and exploration in Mongolia, and logistics and trading of coal in Mongolia and China. From February 2018 to August 2022, Mr. Wang served as the general manager of Inner Mongolia Dongfang Guoxin Technology Co., Limited\* (內蒙古東方國信科技有限公司). From 2013 to 2018, Mr. Wang served as the chairman of the board at Guangzhou Guide Investment Company Limited (廣州貴德投資有限公司), who, through its subsidiary, Beijing Handlewell Technology Limited (北京翰納維科技有限公司), engages in information technology development in the energy sector.

Mr. Wang graduated from Liaoning Technical University (遼寧工程技術大學) in 1997 majoring in electrical automation. He also obtained a master’s degree in Business Management from Graduate University of Chinese Academy of Sciences (中國科學院大學) in July 2012.

### **Ms. Cheng Yan (“Ms. Cheng”) (appointed on 8/1/2026)**

Ms. Cheng, aged 61, was appointed as a non-executive Director on 8 January 2026. She has over 20 years of experience in investment and financial consultation. Since September 2025, she has been an independent non-executive director at Fuyao Glass Industry Group Co., Ltd., a company with its shares listed on the Stock Exchange (stock code: 3606) and Shanghai Stock Exchange (stock code: 600660), the company is principally engaged in developing integrated solutions for the design, development, manufacturing, supply or automotive glass and automotive accessories. She previously served as the managing director, executive head of the global customer center, and vice chairperson of the investment banking department along with other position within BOC International Holdings Limited, a sole wholly owned overseas investment banking platform of the Bank of China. From August 2019 to May 2020, Ms. Cheng served as an executive director at IBO Technology Company (stock code: 2708), a company with its shares previously listed on the Stock Exchange, engaged in the design, research and development of ITAI electronic terminals, 5G communication networks and artificial intelligence products.

Ms. Cheng graduated from Anhui Institute of Finance and Trade (安徽財貿學院) in the PRC in July 1993 majoring in economics. She then obtained a master’s degree in business administration for senior executives in January 2005 from Peking University.

# Biographical Details of Directors and Senior Management

## **Mr. He Guangping (“Mr. He”) (appointed on 8/1/2026)**

Mr. He, aged 64, was appointed as a non-executive Director and vice-chairman of the Board on 8 January 2026. He has over 40 years of leadership experience in listed companies and in government. Since October 2003, he has been the chairman of the board of directors of Jinpeng Holding Group Co., Limited (景鵬控股集團有限公司), which is principally engaged in investment in various sectors such as urban infrastructure, transportation, energy and cultural tourism industries. From September 2015 to January 2018, he served as a director at Hunan Goke Microelectronics Co., Limited (湖南國科微電子股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300672). From March 2001 to September 2003, he served as the chairman of the board of directors of Hunan New Bund Real Estate Development and Investment Co., Ltd.\* (湖南新外灘房地產開發投資有限公司). From July 1995 and February 2001, he was a division-level cadre at Hunan Provincial Ethnic Affairs Commission (湖南省民族事務委員會). From July 1985 to July 1995, he was the section chief, department committee member and deputy county-level committee member at the organization department of the Xiangxi Tujia Autonomous Prefecture Committee Organization Department (中共湘西土家族自治州委組織部). Prior to that, from December 1981 to July 1985, he served as director of office and inspection station manager at Jishou City Bureau of Animal Husbandry and Fisheries (吉首市畜牧水產局).

Mr. He obtained a diploma in foreign-related economics from the Party School of the CPC Central Committee (中共中央黨校) in July 1998.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **Mr. Li Xiaoyang (“Mr. Li XY”) (resigned on 8/1/2026)**

Mr. Li XY, aged 69, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the Audit Committee and the Nomination Committee. Mr. Li XY graduated from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University (中南大學)) in July 1978, majoring in Metallurgical Analytical Chemistry (冶金分析化學). He also obtained a master’s degree of Regional Economics Management (區域經濟管理) granted by Beijing Normal University (北京師範大學) in December 2002. From 1980 to 2000, he worked in Kunming Institute of Metallurgy (昆明冶金研究院) and was appointed as an engineer, and a senior engineer in 1986 and 1996, respectively, focusing on the research and technical development of metallurgy. Mr. Li XY had resigned as an independent non-executive Director on 8 January 2026.

### **Mr. Zhang Jingsheng (“Mr. Zhang”) (resigned on 8/1/2026)**

Mr. Zhang, aged 79, was appointed as an independent non-executive Director on 9 April 2012. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He has been an independent director of Shandong Ishine since 2008. He worked as an engineer, manager, deputy dean and dean of Changsha Research Institute of Mining and Metallurgy (長沙礦冶研究院) (currently known as the Changsha Research Institute of Mining and Metallurgy Limited (長沙礦冶研究院有限公司)) from 1981 to 2007, and was primarily responsible for human resources and financials. Mr. Zhang has been awarded various prizes in relation to ore dressing which include (among others):

1. the second prize of science and technology advancement regarding “Research on Reasonable Ore Processing Process for Lean Hematite in Qidashan District (齊大山貧紅鐵礦合理選礦工藝流程研究)” awarded by the Metallurgy Ministry in December 1992;

## Biographical Details of Directors and Senior Management

2. the third prize of science and technology advancement regarding “Research on the Techniques for Ocean Polymetallic Nodules Special Ore Processing (大洋多金屬結核特殊選礦工藝研究)” awarded by the Metallurgy Ministry in December 1996;
3. the first prize of science and technology advancement regarding “Research on Grading of Controlling Iron Ore Swirler, Spinning Clay, and Anti-flotation Process in East Anshan District (東鞍山鐵礦石旋流器控制分級—脫泥—反浮選流程研究)” awarded by the Metallurgy Ministry in 1998;
4. “95” outstanding individual on national scientific and technological achievement and advancement (“九五”國家重點科技攻關計劃先進個人) awarded by the Scientific and Technological Ministry, Ministry of Economic Trade, Finance Ministry, and State Development Planning Commission of the PRC in 2001;
5. the first prize for science and technology advancement progress regarding “Research on Equipment and Technology for Ore Processing Process for Panzhihua Micro-fine Ilmenite (攀枝花微細粒級鈦鐵礦選礦工程技術及選鈦裝備研究)” awarded by the People’s Government of Sichuan in 2002; and
6. the special award of Metallurgy technology awarded by the Metallurgy Ministry in October 2003 regarding “Research on Technical Use of New Techniques, New Medicine and New Equipment for Ore Processing of Lean Hematite (Magnetic) in Anshan District (鞍山貧赤(磁)鐵礦選礦新工藝、新藥劑、新設備研究及工藝應用)”.

Mr. Zhang had resigned as an independent non-executive Director on 8 January 2026.

### **Mr. Leung Nga Tat (“Mr. Leung”) (resigned on 8/1/2026)**

Mr. Leung, aged 43, was appointed as an independent non-executive Director on 18 June 2019. He is the chairman of each of the Audit Committee and the Remuneration Committee. Mr. Leung graduated from The Hong Kong Polytechnic University, majoring in Accountancy. He is also a member of Hong Kong Institute of Certified Public Accountants starting from January 2010. He had been employed under an international auditing firm, KPMG for more than 8 years. He worked in Landsea Green Management Limited (formerly known as Landsea Green Properties Co., Ltd., which is a company listed on the main board of the Stock Exchange; stock code: 106) as the deputy financial controller, mainly responsible for financing, financial reporting, legal and compliance during February 2014 and July 2018. Mr. Leung has been an independent non-executive director of Xinhua News Media Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 309) since 1 November 2021. He started his own serviced apartment business in June 2018. With over 19 years of working experiences in the industry, Mr. Leung is equipped with comprehensive knowledge of accounting, financing, compliance and merger and acquisition. Mr. Leung had resigned as an independent non-executive Director on 8 January 2026.

## Biographical Details of Directors and Senior Management

### **Ms. Cheng Shuk Teh Esther (“Ms. Cheng”) (resigned on 8/1/2026)**

Ms. Cheng, aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee on 6 June 2024. She obtained her LLB(Hons) from the University of London and her Postgraduate Certificate in Laws from the City University of Hong Kong. Ms. Cheng is a solicitor of The High Court of Hong Kong, specializing in civil and criminal litigation, real estate law, commercial law and company law matters. Ms. Cheng is also qualified as a solicitor of England and Wales. Ms. Cheng is also a member of The Chartered Institute of Arbitrators, a member of The Hong Kong Institute of Surveyors (Land Surveying Division) and a Chartered Surveyor of The Royal Institution of Chartered Surveyors. Ms. Cheng currently serves as a partner at Cheng & Ng. Ms. Cheng previously worked as a land surveyor in the private sector in the United Kingdom, and also worked in listed companies and in the private sector in Hong Kong. Ms. Cheng had resigned as an independent non-executive Director on 8 January 2026.

### **Mr. Xie Jie (“Mr. Xie”) (appointed on 18/12/2025)**

Mr. Xie, aged 42, was appointed as an independent non-executive Director on 18 December 2025. He has more than 15 years of experience in the legal profession. Mr. Xie has been a lawyer at Hansheng Law Offices Shanghai since July 2016, specializing in corporate and criminal practice. Concurrently, from December 2019 to December 2025, Mr. Xie served as an Associate Professor at the Koguan School of Law, Shanghai Jiao Tong University (上海交通大學凱原法學院). Mr. Xie was also a Postdoctoral Fellow at the National University of Singapore Law School in Singapore from August 2015 to August 2016, and prior to that, worked as an Assistant Researcher at the East China University of Political Science and Law (華東政法大學) from January 2015 to May 2016 and also took part in the Fullbright China PhD Dissertation Research at the University of Pennsylvania Law School from September 2013 to May 2014. In the early days of his career, Mr. Xie was a public prosecutor from July 2007 to January 2015 and was qualified as a level 5 Prosecutor in April 2010 accredited by Shanghai Baoshan District People’s Procuratorate Department.

Mr. Xie attained his bachelor of laws at the China Youth University of Political Studies (中國青年政治學院) in July 2005. He then attained his doctorate in laws with a focus in criminal law from East China University of Political Science and Law (華東政法大學) in June 2014. Mr. Xie holds a legal professional qualification certificate in the PRC.

### **Mr. Wong Chi Wah (“Mr. Wong”) (appointed on 18/12/2025)**

Mr. Wong, aged 51, was appointed as an independent non-executive Director on 18 December 2025. He has more than 25 years of experience in audit and accounting. Since July 2022, Mr. Wong has been acting as an independent non-executive director of China General Education Group, a company whose shares are listed on the Stock Exchange (stock code: 2175), and has been the chief financial officer and company secretary of Wanguo Gold Group Limited, a company listed on the Stock Exchange (stock code: 3939) since July 2011 and May 2012, respectively. From February 2010 to June 2011, Mr. Wong worked as the group chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 48). Prior to that, Mr. Wong worked as a group financial controller at Kingsun Aima Biotech Co. Limited where he was responsible for reviewing monthly financial reports of the group’s entities, preparing the group’s consolidated financial reports and budgets as well as reviewing pricing for new products. At the start of his accounting career, Mr. Wong worked at Ernst & Young from February 2000 to September 2003 in several positions and was a senior accountant prior to his departure and at Nelson Wheeler from June 1996 to January 2000 in several positions, serving as an audit senior prior to his departure.

Mr. Wong received his bachelor of arts in accountancy from the Hong Kong Polytechnic University in November 1996. Following that, he became an Associate of the Association of Chartered Certified Accountants (then known as Hong Kong Society of Accountants) in October of 1999 and was admitted as a Fellow thereof in December of 2004.

# Biographical Details of Directors and Senior Management

## **Mr. Liu Haitian (“Mr. Liu”) (appointed on 8/1/2026)**

Mr. Liu Haitian, aged 68, was appointed as an independent non-executive Director on 8 January 2026. He has over 34 years of experience in the mining industry. From April 2017 to December 2019, he served as the chief engineer of CITIC Metal Group Limited (中信金屬集團有限公司) (“CITIC Metal Group”), the platform for mining business within CITIC Group, being a company principally engaged in the trading of ferrous metals, including iron ores and steel and non-ferrous metals. Prior to that, Mr. Liu had been the chief engineer and a director of CITIC United Asia Investments Limited (中信裕聯投資有限公司), the predecessor of CITIC Metal Group, from August 2014 and December 2015, respectively. From December 2010 and up to his departure from CITIC Group in December 2019, he also served as chairman of the board of the subsidiaries and managed enterprises of CITIC Metal Group, engaged in the research and development, production and sales of titanium dioxide, and in non-ferrous metals, chemicals, and ferroalloys, respectively. From May 2000 to August 2014, he served successively as deputy general manager of CITIC Guoan Gold Co., Ltd.\* (中信國安黃金有限公司), general manager of CITIC Metal Group and the deputy general manager and general manager of CITIC United Asia (Beijing) Management Co., Limited (信裕聯(北京)企業管理有限公司). From December 1991 to May 2000, he served as deputy director of the Inner Mongolia Autonomous Region Gold Administration Bureau.

In June 1997, the People’s Government of the Inner Mongolia Autonomous Region awarded Mr. Liu the “Special Award for Revitalizing the Region through Science and Technology” (科技興區特別獎). He was also awarded a Government Special Allowance Award (政府特助津貼) by the PRC State Council in December 1992 in recognition of his contribution to the engineering industry.

Mr. Liu Haitian graduated from Northeastern University (東北大學) in the PRC in July 1996 majoring in engineering management.

## **Mr. Liu Huangsong (“Mr. Liu”) (appointed on 8/1/2026)**

Mr. Liu Huangsong, aged 57, was appointed as an independent non-executive Director on 8 January 2026. He has over 20 years of experience in investment and economic research. Since July 2024 he has been the vice president of SinoMedia Holding Limited, whose shares are listed on the Stock Exchange (stock code: 623), engaged in media operation in the PRC where he is responsible for investments and strategic research. From August 2015 to November 2021, he served as independent non-executive director of Datang International Power Generation Co., Limited, a company whose shares are listed on the Stock Exchange (stock code: 991), the Shanghai Stock Exchange (stock code: 601991) and the London Stock Exchange (stock code: DAT), and is one of the largest independent power generation companies in the Chinese Mainland. From February 2003 to August 2014, he served successively as an assistant researcher and researcher in economic theory at the Institute of Economics, Shanghai Academy of Social Sciences (上海社會科學院經濟研究所).

Mr. Liu Huangsong obtained his bachelor of science majoring in mathematical statistics in 1989, master’s degree in science focusing on probability theory and mathematical statistics in 1992 and his doctoral degree in economics with a focus in national economics in 2005 from Fudan University.

# Biographical Details of Directors and Senior Management

## **Mr. Yuan Yuan (“Mr. Yuan”) (appointed on 8/1/2026)**

Mr. Yuan, aged 42, was appointed as an independent non-executive Director on 8 January 2026. He has over 10 years of experience in finance. Since May 2020, he has been the managing director of Zhong De Securities Company Limited, a securities joint venture established by Deutsche Bank AG and Shanxi Securities Co. Ltd. Between June 2017 to June 2020, Mr. Yuan had served in the positions of managing director, deputy head of investment banking committee and general manager of the equity business division at Huafu Securities Co., Ltd. From December 2015 to July 2017, he served as deputy director of the research institute at Soochow Securities Co., Limited. Mr. Yuan has been an independent non-executive director of the following companies whose shares are listed on the Stock Exchange: China New City Group (stock code: 1321) since April 2023, Qingci Games Incorporated (stock code: 6633) since October 2023 and Dongwu Cement International Limited (stock code: 695) since June 2025. He has also been an independent director of the following companies whose shares are listed on the Shenzhen Stock Exchange: Xinjiang Daqo New Energy Co. Limited (stock code: 688303) since June 2020; Jiangsu Suzhou Rural Commercial Bank Co. Limited (stock code: 603323) since September 2020; Chongqing Three Gorges Water Conservancy and Electrical Power Co Limited (stock code: 600116) since April 2022; and Leo Group Co. Limited (stock code: 2131) from March 2021 to April 2024.

Mr. Yuan obtained his doctorate degree in accounting from Shanghai University of Finance and Economics in June 2012 and completed his postdoctoral studies in applied economics in 2014 at Tsinghua University.

## **SENIOR MANAGEMENT**

**Ms. Chan Wing Ki Michele (“Ms. Chan”)**, aged 43, was appointed as the Financial Controller of the Company on 9 April 2012 and was redesignated as the Chief Financial Officer of the Company on 25 August 2016. Ms. Chan graduated from Macquarie University, Sydney, Australia with Bachelor of Commerce (Accounting). She also obtained a Postgraduate Diploma, majoring in Commerce, granted by the University of Sydney, Sydney, Australia in October 2006. Ms. Chan was admitted as a Certified Practising Accountant of the Certified Practising Accountants, Australia in December 2009. Ms. Chan began her career in Dell Australia Ltd as an accountant and was primarily responsible for preparing daily and monthly reports of assets, liabilities and inventories from 2006 to 2007. From 2007 to 2008, she was appointed as an assistant accountant in BEA System Pty Ltd, and was responsible for accounts receivable and payable function as well as supporting the senior accountant and finance function. From 2008 to 2010, she was appointed as a fund accountant in ING Real Estate Fund Investment Management Australia (INGREFIMA), and was primarily responsible for controlling and adjusting daily reports, and preparing cash, asset and liability forecasts. In 2010, she was appointed as a staff accountant of the Carlyle Management Hong Kong Limited and was responsible for assisting the establishment of a branch office in Australia and handling accounting duties for the branch offices located in Australia, Singapore and Korea.

## **COMPANY SECRETARY**

**Ms. Chan Yuen Ying, Stella**, aged 53, was appointed as the Company Secretary on 9 April 2012. Ms. Stella Chan is a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrator) and a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). She is also a member of the Hong Kong Institute of Directors. Ms. Stella Chan has over 25 years’ experience in handling listed company secretarial matters. Ms. Chan Yuen Ying, Stella had resigned as Company Secretary on 31 December 2025.

## Biographical Details of Directors and Senior Management

### **Mr. Tam Chi Ming George (“Mr. Tam”) (appointed on 31/12/2025)**

Mr. Tam, aged 50, was appointed as the Company Secretary on 31 December 2025. He has over 20 years of experience in financial management, operation and compliance. Mr. Tam has been working as the chief investment officer at Hengli Investments Holding (Group) Limited since March 2014, where he is responsible for deal structuring and execution, financial management and project financing, and working as chief financial officer at Shangshan Capital Group Co., Limited (上善資本集團有限公司) since August 2025. He has also been serving as an independent non-executive director of Wan Leader International Limited, a company whose shares are listed on the Stock Exchange (stock code: 8482) since 9 October 2024. From January 2010 to February 2014, Mr. Tam worked as the chief financial officer and company secretary at Sinoref Holdings Limited (now known as Cybernaut International Holdings Company Limited) (stock code: 1020), a company listed on the Stock Exchange. From January 2006 to August 2008, Mr. Tam worked for KPMG Corporate Finance Limited as a senior manager and was responsible for financial due diligence and executing merger and acquisition transactions. From July 2004 to December 2005, he worked as the finance manager at Messe Dusseldorf (China) Limited and was responsible for financial management and overseeing the business operations of the group. From December 2002 to July 2004, Mr. Tam worked as the financial controller and company secretary at AGL MediaTech Holdings Limited (stock code: 8192), a company listed on GEM of the Stock Exchange from November 2002 to April 2021. From September 1997 to October 2001, Mr. Tam worked as a senior associate at PricewaterhouseCoopers.

Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a Chartered member of the Royal Institution of Chartered Surveyors. Mr. Tam obtained a bachelor's degree in Accountancy from the Hong Kong Polytechnic University in 1997 and a master's degree in Business Administration from the University of London in 2007.

# Independent Auditor's Report



國富浩華(香港)會計師事務所有限公司  
**Crowe (HK) CPA Limited**  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## To the Shareholders of Add New Energy Investment Holdings Group Limited

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Add New Energy Investment Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 75 to 166, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, 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.

# Independent Auditor's Report

## KEY AUDIT MATTERS

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

The Key Audit Matter	How the matter was addressed in our audit
<p><b>(a) Impairment assessment of property, plant and equipment, right-of-use assets and mining right</b> (Refer to notes 2.8, 4(b)(i), 6, 7 and 8 to the consolidated financial statements)</p> <p>As at 31 December 2025, the Group's property, plant and equipment, right-of-use assets and intangible assets were stated at RMB544.5 million, RMB131.8 million and RMB152.2 million, respectively, after deducting impairment losses of RMB35.4 million, RMB9.8 million and RMB5.7 million, respectively.</p> <p>These non-current assets allocated to the identified cash generating unit of mining and ore processing segment (the "CGU") as at 31 December 2025 were assessed for impairment and the recoverable amount of the CGU was determined to be fair value less costs of disposal, based on the discounted cash flows expected to be derived from the Group's CGU and taking into account the appropriate discount rate. For determining the recoverable amount of the CGU at 31 December 2025, the Group engaged a firm of independent professional valuers which have qualifications and experience in valuing similar assets. Based on the assessment, at 31 December 2025, impairment in the CGU of which impairment loss on property, plant and equipment, right-of-use assets and intangible assets amounting to RMB35.4 million, RMB9.8 million and RMB5.7 million respectively, were recognised and charged to the profit or loss for the year ended 31 December 2025.</p>	<p>Our procedures in relation to the impairment assessment of the Group's property, plant and equipment, right-of-use assets and mining rights included:</p> <ul style="list-style-type: none"><li>• Obtaining and understanding of the key internal controls of management over impairment assessment of the Group's property, plant and equipment, right-of-use assets and mining right;</li><li>• Evaluating the independent external valuer's competence, capabilities and objectivity;</li><li>• Obtaining and reviewing the underlying documents (including but not limited to the agreements entered into with the relevant competent authorities and the mining permits issued by them and the environmental assessment reports submitted to these authorities for approval of safety production permits) regarding the mining right of the Group;</li><li>• Considering the Group's intention to carry out significant ongoing exploration and evaluation activities in the areas of interest which included reviewing the future business plans and cash flow forecasts as approved by the senior management of the Group, and the reserve and resources of the Group's mine based on the relevant technical expert report;</li></ul>

# Independent Auditor's Report

The Key Audit Matter	How the matter was addressed in our audit
<p><b>(a) Impairment assessment of property, plant and equipment, right-of-use assets and mining right (Continued)</b></p> <p>The assessment involved exercise of significant judgements and key assumptions (such as iron and ilmenite concentrates' future selling prices, recoverable reserves and resources, exploration potential, production cost estimates, future operating costs, growth rate and discount rate) made by management concerning the estimated future cash flows.</p> <p>We identified the impairment assessment of property, plant and equipment, right-of-use assets and mining rights as key audit matter due to significant management judgement involved in the impairment assessment.</p>	<ul style="list-style-type: none"><li>• Evaluating the appropriateness of the valuation methodology, technical information provided by external valuer and the key assumptions (including but not limited to, growth rate and discount rate) used in the valuation model against external benchmarks, our knowledge on the Group and its industry;</li><li>• Comparing the input data in the cash flow forecast to the source documents;</li><li>• Assessing and challenging the reasonableness of the key assumptions used in the valuation model with reference to the historical accuracy of such forecasts and the current operational results;</li><li>• Evaluating the sensitivity analysis for the key assumptions in the valuation model for risk assessment; and</li><li>• Considering the adequacy of disclosures in respect of the impairment assessment of property, plant and equipment, right-of-use assets and mining rights made in the consolidated financial statements.</li></ul> <p>We also assessed the adequacy of the disclosures in relation to impairment assessment in notes 6, 7 and 8 to the consolidated financial statements.</p>

# Independent Auditor's Report

The Key Audit Matter	How the matter was addressed in our audit
<p><b>(b) Revenue recognition</b> (Refer to notes 2.22, 3.1(d) and 24 to the consolidated financial statements)</p> <p>Revenue from the Group's trading and processing business amounted to approximately RMB75.6 million for the year ended 31 December 2025. The Group's top five customers accounted for 92% of the total revenue for the year ended 31 December 2025. The Group recognises revenue from contracts with customers when control of goods or services, as promised in the sales or service contracts, 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.</p> <p>We identified revenue recognition as our audit focus because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation in the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>We performed and reviewed the revenue recognised during the year as outlined below:</p> <ul style="list-style-type: none"><li>• Evaluated and tested the design of key internal controls of management over the revenue recognition;</li><li>• Reviewed the appropriateness of the revenue recognition policy applied by the Group. More specifically we reviewed how the terms of the sales or service arrangements were considered within the revenue recognition process, including the discretion in determining the pricing and the responsibility for the risk of price fluctuation, the responsibility for the quality of goods, inventory risk and the timing of transfer of the goods or services and delivery specifications, etc.;</li><li>• Checked to the underlying documents on the sales cycle, particularly the delivery documents evidencing the transfer of control of the goods delivered to and processing services performed and accepted by the customers, for supporting the occurrence, accuracy and completeness of the revenue recognised during the year, on a sample basis;</li><li>• Reviewed the sales transactions, on a sample basis, occurred immediately before and after the year end to ensure the relevant sales transactions were recorded in the proper accounting periods;</li><li>• Obtained written confirmation replies directly from the customers for the occurrence, accuracy and completeness of sales transactions for the year, on a sample basis; and</li><li>• Reviewed the journal entries during the year to confirm no irregular sales transaction was recorded.</li></ul> <p>We also assessed the adequacy of the disclosures in relation to revenue in notes 3.1(d), 5(d) and 24 to the consolidated financial statements.</p>

# Independent Auditor's Report

## **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

# Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

## **Crowe (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 31 March 2026

## **Leung Chun Wa**

Practising Certificate Number P04963

# Consolidated Statement of Financial Position

As at 31 December 2025 (Amounts expressed in thousands of Renminbi ("RMB") unless otherwise stated)

	Note	As at 31 December 2025	2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	544,527	315,584
Right-of-use assets	7	131,787	65,168
Intangible assets	8	152,232	157,194
Financial assets at fair value through other comprehensive income	9	7,107	3,416
Other non-current assets	11	20,185	51,330
		<b>855,838</b>	592,692
<b>Current assets</b>			
Inventories	12	3,295	3,771
Trade and bill receivables	13	2,725	22,671
Contract assets	14(a)	–	10,405
Prepayments and other receivables	15	49,577	306,441
Pledged bank deposits	16	2,500	–
Cash and cash equivalents	16	240,170	80,001
		<b>298,267</b>	423,289
<b>Total assets</b>		<b>1,154,105</b>	1,015,981
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	11,802	11,802
Share premium	17	774,217	774,217
Other reserves	18	(64,898)	(51,430)
Accumulated losses		(259,047)	(188,746)
<b>Total equity</b>		<b>462,074</b>	545,843

# Consolidated Statement of Financial Position

As at 31 December 2025 (Amounts expressed in thousands of Renminbi ("RMB") unless otherwise stated)

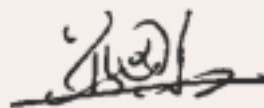
	Note	As at 31 December	
		2025	2024
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for close down, restoration and environmental costs	22	–	–
Amount due to a former controlling shareholder	35(b)	<b>486,690</b>	–
Amount payable for mining rights – non-current portion	8(c)	<b>62,779</b>	73,728
Lease liabilities – non-current portion	7	<b>1,721</b>	–
Deferred income tax liabilities	10	–	–
		<b>551,190</b>	73,728
<b>Current liabilities</b>			
Borrowings	21	<b>7,997</b>	–
Trade and other payables	19	<b>81,775</b>	20,895
Accruals and other provisions	20	<b>17,713</b>	59,417
Amount due to a related company	35(b)	<b>12,505</b>	3,227
Amount due to a director	35(b)	<b>135</b>	–
Amount due to a former controlling shareholder	35(b)	–	263,900
Contract liabilities	14(b)	<b>2,770</b>	6,158
Amount payable for mining rights – current portion	8(c)	<b>14,340</b>	34,340
Lease liabilities – current portion	7	<b>920</b>	870
Income tax payable		<b>2,686</b>	7,603
		<b>140,841</b>	396,410
<b>Net current assets</b>		<b>157,426</b>	26,879
<b>Total liabilities</b>		<b>692,031</b>	470,138
<b>Total equity and liabilities</b>		<b>1,154,105</b>	1,015,981

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 75 to 166 were approved by the Board of Directors on 31 March 2026 and were signed on its behalf.



**Wei Jiaming**  
Executive Director



**Geng Guohua**  
Executive Director

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December	
		2025	2024
Revenue	24	<b>75,580</b>	282,090
Cost of sales	25	<b>(72,477)</b>	(266,343)
<b>Gross profit</b>		<b>3,103</b>	15,747
Other income	28	<b>854</b>	151
Other net gain	28	<b>27,424</b>	123,352
Distribution expenses	25	–	(1,984)
Administrative expenses	25	<b>(65,885)</b>	(60,001)
Impairment loss on property, plant and equipment	6	<b>(35,395)</b>	–
Impairment loss on right-of-use assets	7(ii)	<b>(9,776)</b>	–
Impairment loss on intangible assets	8	<b>(5,687)</b>	–
Reversal of impairment loss on financial assets	26	<b>2,977</b>	733
Reversal of write-down/(write-down) of inventories, net	12	<b>948</b>	(3,178)
<b>Operating (loss)/profit</b>		<b>(81,437)</b>	74,820
Interest income	29	<b>456</b>	918
Interest expenses	29	<b>(4,124)</b>	(8,839)
<b>Finance costs – net</b>		<b>(3,668)</b>	(7,921)
Net foreign exchange gain/(loss)		<b>17</b>	(234)
<b>(Loss)/profit before income tax</b>		<b>(85,088)</b>	66,665
Income tax	31	<b>(2,372)</b>	(4,942)
<b>(Loss)/profit for the year attributable to owners of the Company</b>		<b>(87,460)</b>	61,723

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December	
		2025	2024
<b>Other comprehensive income/(loss):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Change in the fair value of financial assets at fair value			
through other comprehensive income	9(b)	3,691	(7,761)
<b>Total comprehensive (loss)/income for the year attributable to the owners of the Company</b>		<b>(83,769)</b>	53,962
<b>(Loss)/earnings per share for the year attributable to owners of the Company (expressed in RMB per share)</b>			
(Loss)/earnings per share – basic	32	<b>(25.00 cents)</b>	17.65 cents
(Loss)/earnings per share – diluted	32	<b>N/A</b>	N/A

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to Owners of the Company				Total equity	
	Note	Share capital (Note 17)	Share premium (Note 17)	Other reserves (Note 18)		Accumulated losses
<b>Balance at 1 January 2024</b>		11,802	774,217	(49,148)	(244,990)	491,881
<b>Comprehensive income</b>						
Profit for the year		–	–	–	61,723	61,723
Other comprehensive loss		–	–	(7,761)	–	(7,761)
<b>Total comprehensive income for the year</b>		–	–	(7,761)	61,723	53,962
Transfer of statutory reserves		–	–	5,479	(5,479)	–
<b>At 31 December 2024</b>		11,802	774,217	(51,430)	(188,746)	545,843
<b>Balance at 1 January 2025</b>		<b>11,802</b>	<b>774,217</b>	<b>(51,430)</b>	<b>(188,746)</b>	<b>545,843</b>
<b>Comprehensive income</b>						
Loss for the year		–	–	–	(87,460)	(87,460)
Other comprehensive income		–	–	3,691	–	3,691
<b>Total comprehensive loss for the year</b>		–	–	3,691	(87,460)	(83,769)
Transfer of statutory reserves		–	–	(17,159)	17,159	–
<b>At 31 December 2025</b>		<b>11,802</b>	<b>774,217</b>	<b>(64,898)</b>	<b>(259,047)</b>	<b>462,074</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	2025	2024
<b>Cash flows from operating activities</b>			
Cash used in operations	33(a)	(56,592)	(56,362)
Income tax paid		(7,289)	(16,575)
Interest received	29	456	918
Net cash used in operating activities		(63,425)	(72,019)
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment		(213,030)	(151,051)
Purchase of right-of-use asset		(76,524)	–
Payments for non-current assets		(725)	(34,530)
Proceeds from refunded non-current assets		19,650	–
Proceeds from disposal of property, plant and equipment		13,322	122
Proceeds from disposal of an exploration right	28(b)(ii)	–	7,547
Proceeds from the disposal of a mining right and the related assets	15(a)	259,484	55,000
Release of restricted bank deposits	16	–	1,500
Placement of pledged bank deposits	16	(2,500)	–
Payments for mining rights	8(a) and (b)	(15,000)	(20,000)
Net cash used in investing activities		(15,323)	(141,412)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	33(b)	7,997	–
Repayments of borrowings	33(b)	–	(30,000)
Payments for lease liabilities	7,33(b)	(1,095)	(1,115)
Interests paid	33(b)	–	(739)
Proceeds from a former controlling shareholder	33(b)	222,790	175,900
Proceeds from a related company	35(b)	9,278	3,227
Repurchase of shares for share award scheme	18(f)	–	–
Net cash generated from financing activities		238,970	147,273
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		80,001	146,133
Effect of foreign exchange rate changes on cash and cash equivalents		(53)	26
<b>Cash and cash equivalents at end of year</b>	16	<b>240,170</b>	<b>80,001</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 1. GENERAL INFORMATION

Add New Energy Investment Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 8 February 2011 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the “Group”) were principally engaged in iron ore processing, and selling of iron concentrates and other minerals in the People’s Republic of China (the “PRC”). The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27 April 2012.

The directors considered Prominence Investment Holding Company Limited, a company incorporated in the British Virgin Islands and owned by Mr. Ng William and Ms. Wei Jiaming (the “Controlling Shareholder”), as the ultimate holding company of the Group.

These consolidated financial statements have been approved for issuance by the Board of Directors (the “Board”) on 31 March 2026.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### (a) *Statement of compliance*

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Material accounting policy information adopted by the Group are disclosed below.

#### (b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”) which are measured at fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(c) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The Group has not applied any new and amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The amendments have no material impact on the Group's consolidated financial statements for the current year.

## **2.2 Principles of consolidation and equity accounting**

### **(a) Business combinations or assets acquisitions**

#### *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

#### *Asset acquisitions*

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

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

## *Business combinations*

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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

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

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

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

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

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

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## **(b) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

## **(c) Associates**

Associate is the entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in an associate are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(d) Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in the joint venture are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

## **(e) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's post-acquisition share of the profits or losses and other comprehensive income of the investee. Dividends received or receivable from the associate and the joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.8.

## **(f) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

## 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Executive Management of the Company ("SEM") that makes strategic decisions.

## 2.5 Foreign currency translation

### (a) Functional and presentation currency

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

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency of a group entity using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented separately in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## (c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## 2.6 Property, plant and equipment

Property, plant and equipment, comprising buildings and structures, mining infrastructures, vehicles, equipment and others, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Stripping costs incurred in the production phase of a surface mine are capitalised and presented as mining infrastructures when, and only when all of the following criteria are met:

- (i) it is probable that the future economic benefits (improved access to the ore body) associated with the stripping activity will flow to the Group;
- (ii) the Group can identify the component of the ore body for which access has been improved; and
- (iii) the costs relating to the stripping activity associated with that component can be measured reliably.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Depreciation on assets other than mining infrastructures is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and structures	10-15 years
Vehicles, equipment and others	3-10 years

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

Depreciation on mining infrastructures (including main and auxiliary mine shafts and underground tunnels) is calculated using the unit of production method based on ore reserves as the depletion base.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

## 2.7 Intangible assets

### (a) Mining rights

Mining rights are stated at cost less amortisation. Mining rights include expenditure that is directly attributable to the acquisition of mining licenses and transfers from exploration rights and exploration and evaluation assets upon determination that an exploration property is capable of commercial production. Amortisation on mining rights is calculated using the units of production method based on ore reserves as the depletion base.

### (b) Exploration rights

Exploration rights are stated at historical cost. Exploration rights include expenditure that is directly attributable to the acquisition of exploration rights and tenements, entry premiums paid to gain access to areas of interest (defined as each exploration license or tenement) and amounts payable to third parties to acquire interests in existing projects.

Exploration rights are transferred to mining rights from the commencement of mining activities and are amortised using the units of production method based on ore reserves as the depletion base.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- other intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

### **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit ("CGU")). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

### **Recognition of impairment losses**

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable), value in use (if determinable) and zero.

# Notes to the Consolidated Financial Statements

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## **Reversal of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

## **2.9 Discontinued operations**

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

## **2.10 Investments and other financial assets**

### **(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### **(b) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

# Notes to the Consolidated Financial Statements

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## **(c) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

### *(i) Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the measurement category which is measured at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

### *(ii) Equity instruments*

The Group subsequently measures its equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## **(d) Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables); which are held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI") and
- contract assets

Other financial assets measured at fair value, including equity securities designated at FVOCI, are not subject to the ECL assessment.

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## *Measurement of ECLs*

ECL is a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows of the Group expects to receive).

The expected cash shortfalls are discounted using the applicable discount rates where the effect of discounting is material for the fixed-rate financial assets, trade and other receivables and contract assets.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12 month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected life of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets and contract assets are estimated using a provision matrix based on the historical credit loss experience of the Group, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

## *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of defaulting occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Consolidated Financial Statements

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external and internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;
- an actual or expected internal credit rating downgrade for the borrower;
- an actual or expected significant change in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring; and
- significant changes in the expected performance and behaviour of the borrower.

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

# Notes to the Consolidated Financial Statements

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## *Definition of default*

For internal credit risk management, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

## *Measurement and recognition of ECL*

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for those financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

## *Basis of calculation of interest income*

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

## *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# Notes to the Consolidated Financial Statements

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technology, market, economic or legal environment that have an adverse effect on the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; and
- the disappearance of an active market for that financial asset because of financial difficulties of the debtor.

## *Write-off policy*

The gross carrying amount of a financial asset is written (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the management of the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# Notes to the Consolidated Financial Statements

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## **2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costing method. The cost of finished goods comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## **2.12 Contract assets and contract liabilities**

A contract asset is recognised when the Group recognises revenue (see note 2.22) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2.10(d) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.13).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2.22). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.13).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

## **2.13 Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2.12).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for ECLs. See note 2.10 for further information about the Group's accounting policies for trade and other receivables and note 3.1(b) for a description of the Group's impairment policies.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2.10(d).

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 16. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

## 2.15 Share capital

Ordinary shares are classified as equity (Note 17).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within one year of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## 2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

# Notes to the Consolidated Financial Statements

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## 2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### (b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future and taxable profits will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 2.20 Employee benefits

### (a) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

### (b) *Pension obligations*

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees become entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to the applicable employees when they retire. The Group contributes on a monthly basis to these pension plans based on certain percentages of the employees' salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. The non-PRC employees are covered by other defined-contribution pension plans. Contributions to these plans are expensed as incurred.

### (c) *Housing benefits*

The PRC employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the employees' salaries. The Group's liability in respect of these funds is limited to the contributions payable in each period. The non-PRC employees are not covered by the housing benefits.

## 2.21 Provisions for close down, restoration and environmental costs

One of the consequences of mining activities is the damage to lands at the mining sites. The Group may compensate the inhabitants for loss or damage of lands and make payments for expenditures on close down, restoration, rehabilitation or environmental protection of the lands at mining sites since mining activities commence.

Close down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for mines. Close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of the estimated future costs of restoration to be incurred during the life of the operation and post closure. The obligation may occur during development or during the production phase of a facility. The costs are capitalised if it is probable that future economic benefits will flow to the Group, no matter whether rehabilitation activities are expected to occur over the life of the operation or at the time of close down. The capitalised costs are depreciated over the life of the operation and increase in the net present value of the provision is recognised as interest expense.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

If there is a change in the expected close down, restoration and environmental costs, an adjustment is recorded against the carrying amount of provisions and related assets, with a corresponding adjustment to the income statement on a prospective basis over the remaining life of the operation. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. Estimates of costs are reviewed and revised at the end of each reporting period to reflect changes in conditions.

## **2.22 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. When the Group acts as a principal, the Group recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract, control of the goods or services may be transferred over time or a point in time. Control of the goods or services is transferred over time if the Group's performance:

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

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, which is measured based on direct measurements of the value of individual goods or services transferred by the Group to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **Sales of goods**

Revenue arising from sales of iron concentrates and other goods is recognised when control of the goods has transferred, being the point in time when the goods are delivered to and accepted by the customer and there is no unfulfilled performance obligation that may have an impact on the customer's acceptance of the goods.

## **Processing service income**

Processing service income is recognised when the customers obtain the control of services and the Group has present right to payment and the collection of the consideration is probable.

## **2.23 Earnings per share**

### **(a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

### **(b) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## **2.24 Leases**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group will reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are subsequently changed. 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

Leases of property, plant and equipment are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs, discounted to their present value, a provision is recognised and measured under HKAS 37.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of properties and motor vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group does not have any leases of low-value assets.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## **2.25 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

## **2.26 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised as other income in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

## **2.27 Research and development expenditure**

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

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All the research and development expenditure of the Group were charged to the consolidated profit or loss for the year.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's financial instruments are categorised as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
<b>Financial assets</b>		
Trade and bill receivables	<b>2,725</b>	22,671
Other receivables (excluding trade deposits to suppliers, prepaid taxes, prepaid rent and motor vehicle expenses and deductible input value-added tax)	<b>17,214</b>	278,052
Pledged bank deposits	<b>2,500</b>	–
Cash and cash equivalents	<b>240,170</b>	80,001
	<hr/>	
Financial assets at amortised cost	<b>262,609</b>	380,724
	<hr/>	
Financial assets at fair value through other comprehensive income	<b>7,107</b>	3,416
	<hr/>	
<b>Financial liabilities</b>		
Borrowings	<b>7,997</b>	–
Trade and other payables	<b>81,775</b>	20,895
Accruals and other provisions (excluding value-added tax payable)	<b>17,116</b>	35,279
Amount due to a related company	<b>12,505</b>	3,227
Amount due to a former controlling shareholder	<b>486,690</b>	263,900
Amount due to a director	<b>135</b>	–
Amount payable for mining rights	<b>77,119</b>	108,068
Lease liabilities	<b>2,641</b>	870
	<hr/>	
Financial liabilities at amortised cost	<b>685,978</b>	432,239

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, equity price risk and fair value interest rate risk), credit risk, liquidity risk and concentration risk.

## (a) Market risk

### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily with respect to HKD and USD.

The Group's exposure to foreign currency risk is as follows:

	<b>Denominated in</b>	
	<b>HKD</b>	<b>USD</b>
<b>As at 31 December 2025</b>		
Other receivables	<b>1,699</b>	–
Cash and cash equivalents	<b>4,297</b>	<b>13</b>
Accruals and other provisions	<b>(2,395)</b>	–
Borrowings	<b>(7,997)</b>	–
Amount due to a related company	<b>(12,505)</b>	–
Lease liabilities	<b>(2,641)</b>	–
	<b>(19,542)</b>	<b>13</b>
<b>As at 31 December 2024</b>		
Other receivables	1,372	–
Cash and cash equivalents	1,573	14
Accruals and other provisions	(2,492)	–
Amount due to a related company	(3,227)	–
Lease liabilities	(870)	–
	(3,644)	14

As at 31 December 2025, if RMB had weakened/strengthened by 5% (2024: 5%) against HKD with all other variables held constant, profit before income tax for the year would have been approximately RMB977,000 (2024: RMB182,000) lower/higher mainly as a result of foreign exchange losses/gains on translation of amount due to a related company denominated in HKD.

As at 31 December 2025, if RMB had weakened/strengthened by 5% (2024: 5%) against USD with all other variables held constant, profit before income tax for the year would have been RMB1,000 (2024: RMB1,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalents denominated in USD.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

(ii) *Equity price risk*

Equity price risk arises from listed equity securities held by the Group resulted from changes in market price. The Group's exposure to the risk of changes of equity price relates primarily with respect to its financial assets at fair value through other comprehensive income which are listed securities in the Australian Securities Exchange.

As at 31 December 2025, if the price of the listed equity securities has been 10% (2024: 10%) higher/lower, other comprehensive income for the year ended 31 December 2025 would have increased/decreased by approximately RMB711,000 (2024: RMB342,000).

(iii) *Fair value interest rate risk*

Fair value interest rate risk arises from contractual cash flows of debt instruments carried at amortised cost, and deposits with banks and financial institutions, as well as outstanding receivables and contract assets due from customers.

Other than those mentioned above, the Group's income and operating cash flows are substantially independent of changes in the market interest rates.

(b) *Credit risk*

Credit risk arises from contractual cash flows of debt instruments carried at amortised cost, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and contract assets.

The table below show the credit quality and the maximum exposure to credit risk based on year-end staging classification:

	As at 31 December 2025				
	12-month	Lifetime ECLs			Total
	ECL	Simplified			
	Stage 1	Stage 2	Stage 3	approach	
Bill receivables	2,725	–	–	–	2,725
Other receivables	17,214	–	–	–	17,214
Pledged bank deposits	2,500	–	–	–	2,500
Cash and cash equivalents	240,170	–	–	–	240,170
	<b>262,609</b>	–	–	–	<b>262,609</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	As at 31 December 2024				Total
	12-month	Lifetime ECLs			
	ECL			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
Contract assets	–	–	–	10,405	10,405
Trade receivables	–	–	–	22,671	22,671
Other receivables	278,052	–	–	–	278,052
Cash and cash equivalents	80,001	–	–	–	80,001
	358,053	–	–	33,076	391,129

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

Bank deposits of the Group are mainly placed in state-owned banks in the PRC and overseas banks that have investment grade ratings. Management believes that these financial institutions are of high credit quality and there is no significant credit risk on bank deposits.

Sales to the Group's top five largest customers accounted for 92% (2024: 80%) of total revenue for the year ended 31 December 2025. Risk control assesses the credit quality of all the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The Group's historical experience in collection of trade receivables and contract assets falls within the recorded allowance and directors are of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements.

While bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

As for trade receivables and contract assets, the Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 and 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP growth rate and the unemployment rate of the mainland China in which it sells its goods and/or perform processing services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On the above basis, the identified impairment loss for contract assets has been assessed to be immaterial, while the loss allowance for trade receivables as at 31 December 2025 and 2024 was determined as follows:

	At 31 December 2025					Total
	Current	Within 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	
Expected loss rate	1.1%	12%	100%	100%	100%	
Gross carrying amount						
– trade receivables	–	–	–	–	326	326
Loss allowance	–	–	–	–	326	326

	At 31 December 2024					Total
	Current	Within 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	
Expected loss rate	1.1%	12%	100%	100%	100%	
Gross carrying amount						
– trade receivables	22,923	–	–	–	3,051	25,974
Loss allowance	252	–	–	–	3,051	3,303

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period for which the recovery is considered to be remote.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Impairment loss on trade receivables and contract assets are presented as net impairment loss within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Bill and other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

On the above basis, the identified impairment loss for bill and other receivables has been assessed to be immaterial.

## **Net reversal of impairment loss on financial assets recognised in consolidated profit or loss**

During the year, the following reversal of impairment loss were recognised in profit or loss in relation to impaired financial assets:

	2025	2024
Reversal of impairment loss		
– trade receivables	<b>2,977</b>	733
<b>Net reversal of impairment loss on financial assets</b>	<b>2,977</b>	733

### **(c) Liquidity risk**

The Group's liquidity risk is managed to ensure it has sufficient cash to meet operational needs, generated from financing activities and expected future operating activities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Within 1 year or on demand	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total
<b>As at 31 December 2025</b>					
Borrowings	7,997	–	–	–	7,997
Trade and other payables	81,775	–	–	–	81,775
Other provisions	6,554	–	–	–	6,554
Lease liabilities	990	990	779	–	2,759
Amount due to a related company	12,505	–	–	–	12,505
Amount due to a former controlling shareholder	–	486,690	–	–	486,690
Amount due to a director	135	–	–	–	135
Amounts payable for mining rights	15,000	15,000	45,000	15,000	90,000
	<b>124,956</b>	<b>502,680</b>	<b>45,779</b>	<b>15,000</b>	<b>688,415</b>

	Within 1 year or on demand	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total
<b>As at 31 December 2024</b>					
Trade and other payables	20,895	–	–	–	20,895
Other provisions	20,757	–	–	–	20,757
Lease liabilities	891	–	–	–	891
Amount due to a related company	3,227	–	–	–	3,227
Amount due to a former controlling shareholder	263,900	–	–	–	263,900
Amounts payable for mining rights	35,000	15,000	45,000	30,000	125,000
	<b>344,670</b>	<b>15,000</b>	<b>45,000</b>	<b>30,000</b>	<b>434,670</b>

## (d) Concentration risk

During the year end 31 December 2025, 92% (2024: 80%) of the Group's revenue was derived from sales to the top five customers. If these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations. Therefore management keeps closely monitoring transactions with these major customers.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by the aggregate amount of total equity and total borrowings.

The gearing ratios at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025	2024
Total borrowings (including amount due to a related company, amount due to a former controlling shareholder, amount due to a director and borrowings)	507,327	267,127
Total equity and borrowings	969,401	812,970
<b>Gearing Ratio</b>	<b>52.3%</b>	<b>32.9%</b>

## 3.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at FVOCI represent 1.12% (2024: 1.23%) of the ordinary shares of Frontier Energy Limited ("Frontier Energy") (note 9(a)), which is measured at fair value as level 1 investment.

The carrying amounts of the Group's financial assets including cash and cash equivalents, pledged bank deposits, trade and bill receivables, other receivables and financial liabilities including trade and other payables, other provisions and short-term borrowings approximate their fair values due to their short maturities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

#### (i) *Classification of loan from former controlling shareholder*

The Group has a loan due to Mr. Li Yunde ("Mr. Li"), who ceased to be a controlling shareholder of the Company since 15 October 2025, advanced to Shandong Ishine Mining Industry Co., Ltd. ("Shandong Ishine") pursuant to the relevant loan agreement, under which Mr. Li shall not demand repayment unless Shandong Ishine has sufficient available financial resources to do so (the "Repayment Condition").

The Directors exercised significant judgement in determining whether the loan should be classified as current or non-current as at 31 December 2025. In making this judgement, the Directors assessed whether Shandong Ishine had sufficient available financial resources as at the reporting date and whether the Repayment Condition is expected to be met within twelve months after the reporting date, having regard to the contractual terms of the loan agreement.

Based on this assessment, the Directors concluded that the Repayment Condition was not met as at 31 December 2025 and is not expected to be met within twelve months from the reporting date. Accordingly, the loan balance due to Mr. Li was classified as a non-current liability as at 31 December 2025.

### (b) Key sources of accounting estimates

#### (i) *Impairment of property, plant and equipment, right-of-use assets and mining right*

Property, plant and equipment, right-of-use assets and mining right are stated at cost or cost less depreciation or amortisation. The carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Difficulties arise for the Group to make an estimate of the recoverable amount as in estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's financial position and results of operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(ii) Impairment of inventories**

Inventories are reviewed for impairment whenever events or changes in circumstances cause their carrying amounts to exceed their recoverable amounts. The determination of recoverable amount of the inventories requires the use of estimates. The Group's management determined the recoverable amount of inventories by reference to sales contracts entered into by the Group and the open market prices.

## **(iii) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.

## **(iv) Mine reserves**

Mine reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required that involve a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of mine reserves requires the size, shape and depth of ore bodies or fields, determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret data.

Estimates of mine reserves may change from period to period, because the economic assumptions used to estimate mine reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- carrying amounts of assets may be affected due to changes in the estimated future cash flows;
- depreciation, depletion and amortisation charges may change where such charges are based on the units of production, or where the useful economic lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in the estimated reserves affect expectations about the timing or cost of these activities; and
- carrying amounts of deferred tax assets may be affected due to changes in estimates of the likely recovery of the tax benefits.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(v) Provisions for close down, restoration and environmental costs**

Mining activities may result in land subsidence, causing losses to the residents of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas to certain acceptance conditions.

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or result of operations of the Group. The PRC government, however, has moved and may move further towards the adoption of more stringent environment standards. Environmental liabilities are subject to considerable uncertainty which affect the Group's ability to estimate the ultimate cost to remediation efforts. These uncertainties include:

- exact nature and extent of the contamination at various sites including, but not limited to, iron ore and ilmenite ore mines and land development areas, no matter whether operating, closed or sold;
- extent of required clean-up efforts;
- varying costs of alternative remediation strategies;
- changes in environmental remediation requirements;
- identification of new remediation sites; and
- the provisions for close down, restoration and environmental costs determined by management is based on the best estimate of future cash flows by discounting the expected expenditures to their net present value. As the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided as close down, restoration and environmental costs are reviewed at least annually based upon the facts and circumstances available at the time and provisions are updated accordingly.

## **(vi) Income taxes and deferred taxes**

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate may result in adjustments to the value of future income tax assets and liabilities that may have a significant effect on the Group's financial position and results of operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(vii) Acting as a principal in trading commodities**

Management determines that the Group acts as a principal in trading commodities, taking into account of the commercial substances of the transactions, for which the Group has the primary responsibility for fulfilling the promise of transferring the commodities, has control of and bear all the inventory risks of the trading commodities before transferring them to the customers, its discretion with respect to accepting or rejecting orders from the customers and sourcing the inventory item ordered by the end-customer from more than one supplier, discretion in setting selling prices of the trading commodities sold to its end-customers and its own discretion in negotiating prices of trading commodities purchased from its suppliers.

## **(viii) Ability to continue as a going concern**

The preparation of the consolidated financial statements requires the Directors to assess the Group's ability to continue as a going concern. This involves the exercise of significant judgement in evaluating the Group's future liquidity, operating performance and available sources of financing, having regard to cash flow projections covering a period of not less than twelve months from 31 December 2025. In making this assessment, the Directors have considered the following plans and measures undertaken to strengthen the Group's liquidity position and support its financial position:

- **Rights Issue subsequent to the reporting period** – On 6 March 2026, the Company issued a prospectus in relation to a renounceable rights issue of one (1) rights share for every two (2) existing shares at a subscription price of HK\$2.88 per rights share. The rights issue was completed on 30 March 2026, with net proceeds of approximately HK\$503.4 million (equivalent to approximately RMB443.9 million) received.
- **Continuing financial support from the controlling shareholder** – The controlling shareholder, Prominence Investment Holding Company Limited, which is beneficially owned and controlled by Mr. Ng William and Ms. Wei Jiaming, has confirmed its willingness to provide ongoing financial support to the Group by advancing adequate funds to the Group as and when necessary to enable it to meet its financial obligations as they fall due in the foreseeable future.
- **Existing cash resources and ongoing cash flow management** – Management continues to rigorously monitor cash flows, accelerate collection of receivables, and control both operating and capital expenditures.
- **Discussions with potential investors/financiers** – The Group is currently in discussions with various potential investors and financiers for options to raise additional funds to support the Company's future business plan and working capital requirements.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. Taking into account the anticipated cash flows from operations as well as the above plans and measures, the Directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for a period of not less than twelve months from 31 December 2025. Accordingly, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

## 5. SEGMENT INFORMATION

### (a) General information

The CODM has been identified as the SEM who reviews the Group's internal reporting in order to allocate resources and assess performance. The SEM has determined the operating segments based on these reports.

The SEM, who considers the business from an industrial perspective, considers activities of mining and ore processing carried out by Shandong Ishine Mining Industry Company Limited ("Shandong Ishine") and Shandong Shengtai Mining Technology Company Limited ("Shandong Shengtai"), and trading of minerals carried out by Shandong Ishine and Hami Xinxing Tianshan Logistics Company Limited ("Hami Xinxing") as the identifiable segments.

The SEM assesses the performance of the operating segments based on a measure of profit or loss contributed by the reportable segment.

### (b) Information about reportable segment profit or loss, assets and liabilities

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the material accounting policy information.

The businesses of the Group are classified into mining and ore processing, and trading of minerals, which are the two reportable segments of the Group. Expenses, assets and liabilities of the holding companies (the Company, Alliance Worldwide Investment Limited ("Alliance Worldwide"), Fortune Shine Investment Limited ("Fortune Shine"), Shine Mining Investment Limited ("Shine Mining"), Ishine Mining International Limited ("Ishine Mining"), China Rongsheng Holdings Limited ("Rongsheng"), Alpha Charm Investments Limited ("Alpha Charm"), Grandson Holdings Limited ("Grandson") and Active Fortune Group Limited ("Active Fortune")) in the Group are presented as 'Unallocated' in the segment information.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The segment information provided to the SEM for the years ended 31 December 2025 and 2024 is as follows:

	Mining and ore processing	Trading of minerals	Unallocated	Inter- segment elimination	Total
<b>Year ended 31 December 2025</b>					
Revenue	8,712	66,868	-	-	75,580
Gross profit	2,466	637	-	-	3,103
Other income	838	16	-	-	854
Interest income	301	153	2	-	456
Interest expenses	(4,051)	-	(73)	-	(4,124)
Net foreign exchange gain	-	-	17	-	17
Reversal of impairment loss – Trade and bill receivables	2,774	203	-	-	2,977
Income tax expense	(1,792)	(580)	-	-	(2,372)
Net loss	(71,392)	(1,784)	(14,284)	-	(87,460)
<b>Other information</b>					
Depreciation of property, plant and equipment	15,341	121	-	-	15,462
Depreciation of right-of-use assets	2,006	-	998	-	3,004
Additions to property, plant and equipment	301,522	-	-	-	301,522
Payments for mining rights	15,000	-	-	-	15,000
<b>As at 31 December 2025</b>					
<b>Segment assets and liabilities</b>					
Total assets	1,252,747	62,048	189,660	(350,350)	1,154,105
Total liabilities	(878,084)	(3,613)	(160,684)	350,350	(692,031)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	825,841	34	2,671	-	828,546
<b>Year ended 31 December 2024</b>					
Revenue	38,066	244,024	-	-	282,090
Gross profit	3,656	12,091	-	-	15,747
Other income	145	6	-	-	151
Interest income	571	326	21	-	918
Interest expenses	(8,746)	-	(93)	-	(8,839)
Net foreign exchange loss	-	-	(277)	-	(277)
Reversal of impairment loss – Trade and bill receivables	711	22	-	-	733
Income tax expense	(2,159)	(2,783)	-	-	(4,942)
Net profit/(loss)	77,620	3,071	(18,968)	-	61,723
<b>Other information</b>					
Depreciation of property, plant and equipment	18,283	171	-	-	18,454
Depreciation of right-of-use assets	1,676	-	1,008	-	2,684
Additions to property, plant and equipment	145,341	-	-	-	145,341
Payments for mining rights	20,000	-	-	-	20,000
Net gain on disposal of mining assets (Note 28(b))	123,352	-	-	-	123,352
<b>As at 31 December 2024</b>					
<b>Segment assets and liabilities</b>					
Total assets	1,108,583	73,017	184,731	(350,350)	1,015,981
Total liabilities	(663,614)	(15,403)	(141,471)	350,350	(470,138)
Property, plant and equipment, right-of-use assets and mining rights included in total assets	536,966	186	794	-	537,946

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## (c) Geographic information

All the revenue of the Group are derived in the PRC and more than 90% of the specific assets of the Group are located in the PRC. Accordingly, no analysis of geographic information is presented.

## (d) Information about major customers

Revenues from customers contributed 10% or more of the total revenue of the Group are as follows:

	<b>2025</b>	2024
	<b>RMB</b>	RMB
Customer A – revenue from trading of minerals	<b>36,685</b>	N/A*
Customer B – revenue from trading of minerals	<b>16,764</b>	N/A*
Customer C – revenue from trading of minerals	<b>8,176</b>	N/A*
Customer D – revenue from trading of minerals	<b>N/A*</b>	48,290
Customer E – revenue from trading of minerals	<b>N/A*</b>	135,252

\* The transactions with these customers did not contribute 10% or more of total revenue of the Group during the years ended 31 December 2025 or 2024, as the case may be.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Mining infrastructures	Plants, equipment, vehicles and others	Construction in progress	Total
<b>Year ended 31 December 2024</b>					
Opening net book amount	114,378	93,248	63,707	47,016	318,349
Additions	2,145	–	247	142,949	145,341
Transfer	–	–	17,542	(17,542)	–
Disposed of under the Assets Transfer Agreement (as defined in Note 8(a))	(19,781)	(93,248)	(12,131)	–	(125,160)
Written off or disposals – cost	(4,381)	–	(2,013)	(355)	(6,749)
Written off or disposals – accumulated depreciation	555	–	1,702	–	2,257
Depreciation charge	(8,690)	–	(9,764)	–	(18,454)
<b>Closing net book amount</b>	<b>84,226</b>	<b>–</b>	<b>59,290</b>	<b>172,068</b>	<b>315,584</b>
<b>At 31 December 2024</b>					
Cost	97,205	–	78,832	172,068	348,105
Accumulated depreciation and impairment	(12,979)	–	(19,542)	–	(32,521)
<b>Net book amount</b>	<b>84,226</b>	<b>–</b>	<b>59,290</b>	<b>172,068</b>	<b>315,584</b>
<b>Year ended 31 December 2025</b>					
Opening net book amount	<b>84,226</b>	–	<b>59,290</b>	<b>172,068</b>	<b>315,584</b>
Additions	<b>808</b>	–	<b>5,770</b>	<b>294,944</b>	<b>301,522</b>
Transfer	<b>13,447</b>	–	<b>368</b>	<b>(14,722)</b>	<b>(907)</b>
Written off or disposals – cost	<b>(9,054)</b>	–	<b>(18,440)</b>	–	<b>(27,494)</b>
Written off or disposals – accumulated depreciation	<b>1,463</b>	–	<b>5,216</b>	–	<b>6,679</b>
Impairment losses	<b>(5,184)</b>	–	<b>(2,606)</b>	<b>(27,605)</b>	<b>(35,395)</b>
Depreciation charge	<b>(5,956)</b>	–	<b>(9,506)</b>	–	<b>(15,462)</b>
<b>Closing net book amount</b>	<b>79,750</b>	<b>–</b>	<b>40,092</b>	<b>424,685</b>	<b>544,527</b>
<b>At 31 December 2025</b>					
Cost	<b>102,406</b>	–	<b>66,530</b>	<b>452,290</b>	<b>621,226</b>
Accumulated depreciation and impairment	<b>(22,656)</b>	–	<b>(26,438)</b>	<b>(27,605)</b>	<b>(76,699)</b>
<b>Net book amount</b>	<b>79,750</b>	<b>–</b>	<b>40,092</b>	<b>424,685</b>	<b>544,527</b>

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

The environmental assessment report for the mining operations in the Zhuge Shangyu ilmenite ore mine had been approved by the relevant government authorities during the year ended 31 December 2024. As at the end of that reporting period, the relevant safety production permit was pending approval by the relevant authorities, which was originally expected to be granted upon inspection by the relevant authorities of the mining facilities planned to be completed within 2025. During the year ended 31 December 2025, the installation of the mining facilities was delayed from the original plan and the relevant facilities had not been completed by the end of 2025. As a result, the inspection and approval procedures by the relevant authorities had not been commenced, and the safety production permit had not been granted as at 31 December 2025. It is currently expected that the relevant authorities will carry out the inspection of the mining facilities during 2026 and grant the safety production permit thereafter. Since mining operation has not yet been commenced and conducted by the Group on the mine, no depreciation was provided on the mining structures for the two years ended 31 December 2024 and 2025. The accounting policy information and method for providing depreciation of the mining structures and other property, plant and equipment are disclosed in note 2.6 to the consolidated financial statements. Certain plant facilities were applied ore processing services to independent customers during the years ended 31 December 2025 and 2024.

## **Recoverable amount assessment on the related assets of Zhuge Shangyu ilmenite ore mine**

At the end of the reporting period, for the purpose of impairment testing, the Group engaged King Kee Appraisal and Advisory Limited (the "Independent Valuer") (2024: same) to determine the recoverable amount of its property, plant and equipment, intangible assets and right-of-use assets related to the Zhuge Shangyu ilmenite ore mine (collectively referred to as "Zhuge Shangyu Related Assets") as a cash generating unit ("CGU") engaged in iron concentrates and titanium concentrates mining and production operation in Zhuge Shangyu. The recoverable amount of the Zhuge Shangyu Related Assets has been determined based on the fair value less costs of disposal ("FVLCD"). The calculation used cash flow projection based on financial budgets approved by management covering the estimated remaining useful life of the mine, which reflected cash flow from the sales of iron and titanium concentrates from the production of Zhuge Shangyu ilmenite ore mine, less estimated costs, discounted at the pre-tax discount rate of 17.5% (2024: 16.6%), for which the sales of concentrates from the production of the mine would be limited to the estimated reserves available in the mine.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The key assumptions used in the calculation as at 31 December 2025 were as follows:

- Business plan – The cash flow projections are based on the business plan for mine development and production;
- Sales price – Sales price of titanium and iron concentrates are based on current industry trends;
- Discount rate – The discount rate used reflects specific risks relating to the CGU.

During the year ended 31 December 2025, the international geo-political conflicts have been intensified and global and domestic business environment conditions have been unfavorably changed, against which, the Group's business plan (based on which future cash flows are derived) has been formulated to cope with the increased business risks and for the impairment testing, a higher post-tax discount rate of 14.5% (2024:11.5%) which is based on the weighted average cost of capital of market participants in the industry, corresponding to a pre-tax discount rate of 17.5% (2024:16.6%), has been adopted.

As a result of the assessment, an impairment loss of RMB50,858,000 (2024: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2025 against the respective assets of the CGU on a pro-rata basis with reference to their carrying values, as follows:

	<b>Impairment losses recognised</b> <i>RMB'000</i>
Property, plant and equipment	(35,395)
Right-of-use assets ( <i>Note 7</i> )	(9,776)
Intangible assets ( <i>Note 8</i> )	(5,687)
	<hr/>
	(50,858)

There was no impairment on the above assets of the CGU for the year ended 31 December 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Sensitivity analysis:

The calculation of the recoverable amount based on fair value less cost of disposal is sensitive to these key assumptions: pre-tax discount rate, projected prices of titanium and iron concentrates and mining production and sales volumes, as shown below:

	Increase/ (decrease) in rate %	Increase/(decrease) on the recoverable amount			
		Property, plant and equipment related to the CGU RMB'000	Right-of- use assets related to the CGU RMB'000	Intangible assets related to the CGU RMB'000	CGU RMB'000
Pre-tax discount rate	(1.0%)	32,285	8,917	5,188	46,390
	1.0%	(31,649)	(8,742)	(5,086)	(45,476)
Projected prices of titanium and iron concentrates	(5%)	(70,985)	(19,607)	(11,406)	(101,998)
	5%	70,985	19,607	11,406	101,998
Mining production and sales volumes	(5%)	(30,564)	(8,442)	(4,911)	(43,917)
	5%	30,564	8,442	4,911	43,917

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 7. LEASES

Movements of the leases during the year are as follows:

	Right-of-use assets	Lease liabilities
As at 1 January 2024	67,852	1,866
Depreciation of right-of-use assets	(2,684)	–
Amortisation of interest	–	93
Repayments	–	(1,115)
Exchange retranslation differences	–	26
	<hr/>	<hr/>
As at 31 December 2024 and 1 January 2025	65,168	870
	<hr/>	<hr/>
Recognition of new lease	<b>2,875</b>	<b>2,875</b>
Purchase of land use rights	<b>76,524</b>	–
Depreciation of right-of-use assets	<b>(3,004)</b>	–
Amortisation of interest	–	<b>44</b>
Impairment (Note 6)	<b>(9,776)</b>	–
Repayments	–	<b>(1,095)</b>
Exchange retranslation differences	–	<b>(53)</b>
	<hr/>	<hr/>
<b>As at 31 December 2025</b>	<b>131,787</b>	<b>2,641</b>

### (i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2025	2024
<b>Right-of-use assets</b>		
Land use rights with remaining lease term of 36.9 to 39.8 years (2024: 37.9 to 38.5 years)	<b>129,115</b>	64,374
Land and buildings	<b>2,672</b>	794
	<hr/>	<hr/>
	<b>131,787</b>	65,168
	<hr/>	<hr/>
<b>Lease liabilities</b>		
Current portion	<b>920</b>	870
Non-current portion	<b>1,721</b>	–
	<hr/>	<hr/>
	<b>2,641</b>	870
	<hr/>	<hr/>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## (ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2025	2024
<b>Depreciation of right-of-use assets</b>		
Land use rights	2,007	1,676
Land and buildings	997	1,008
	<b>3,004</b>	2,684
Impairment of right-of-use assets	9,776	–
Interest expense (included in finance costs – net)	44	93

Impairment loss of RMB9,776,000 on rights-of-use assets was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2025. Details of recoverable amount assessment on the related assets of Zhuge Shangyu ilmenite ore mine refer to note 6 to the consolidated financial statements.

## 8. INTANGIBLE ASSETS

The Group recognised intangible assets, being the mining rights in respect of two mines upon the issuing of mining permits during the year ended 31 December 2024. The Group has disposed of its mining right in respect of Yangzhuang iron ore mine during the year ended 31 December 2024.

### Mining rights

	Yangzhuang	Zhuge Shangyu	TOTAL
	RMB'000	RMB'000	RMB'000
	(Note (a))	(Note (b))	
As at 1 January 2024	67,853	154,314	222,167
Additions	–	2,880	2,880
Disposal	(67,853)	–	(67,853)
As at 31 December 2024 and 1 January 2025	–	157,194	157,194
Additions	–	725	725
Impairment (Note 6)	–	(5,687)	(5,687)
<b>As at 31 December 2025</b>	<b>–</b>	<b>152,232</b>	<b>152,232</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## Notes:

- (a) The Group applied for the renewal of the mining right of Shandong Ishine's Yangzhuang iron ore mine which expired on 20 June 2019. Pursuant to an agreement dated 3 August 2020 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of RMB70,466,000 for the renewal of mining right in relation to Shandong Ishine's Yangzhuang iron ore mine. In August 2023, the mining permit for Yangzhuang iron ore mine has been granted. The agreed consideration of RMB70,466,000 (including RMB45,466,000 paid and RMB25,000,000 payable) with a fair value of approximately RMB67,853,000, was capitalised as intangible assets of the Group during the year ended 31 December 2023.

During the year ended 31 December 2024, the Group entered into an assets transfer agreement dated 21 May 2024 (as supplemented by two supplemental agreements dated 12 June 2024 and 28 June 2024, respectively) (the "Assets Transfer Agreement") with Shandong Dane Mining Technology Co., Ltd. (the "Purchaser"), a company registered in the PRC, pursuant to which the Group has agreed to dispose of and the Purchaser has agreed to acquire certain assets of the Group (the "Subject Assets"), including the mining right in respect of Yangzhuang Iron Mine and the related assets and the exploration right over Qinjiazhuang Ilmenite Project, at a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine (the "Disposal").

The Disposal had been completed as at 31 December 2024 in accordance with the Assets Transfer Agreement given that (i) the Assets Transfer Agreement and the Disposal have been approved in the extraordinary general meeting of the Company held on 16 August 2024; (ii) the control of the Subject Assets (related leasehold and contracted land and building and processing plant assets) has been passed to the Purchaser during the year ended 31 December 2024; and (iii) a public announcement by the relevant PRC authorities for the sales of the mining right in respect of Yangzhuang Iron Mine has been made during the period from 17 to 30 December 2024, and the relevant PRC authorities confirmed on 31 December 2024 that no objection had been received. The Group considered that the issuance of the new mining certificate in respect of Yangzhuang Iron Mine in the name of the Purchaser to be merely an administrative process and the risks and rewards deriving from the Subject Assets had been duly passed to the Purchaser. Further details on the gain on disposal of the Subject Assets are disclosed in note 28(b)(i) below.

As at 31 December 2024, Shandong Ishine had paid RMB50,466,000 for the renewal of mining right. The remaining amount of RMB20,000,000 should be payable in four instalments from 2025 to 2028 in accordance with the mining right renewal agreement. However, pursuant to the Assets Transfer Agreement, as the outstanding payable for the mining right in respect of Yangzhuang iron ore mine will be settled by netting off with the consideration receivable from the Purchaser, the amount of RMB20,000,000 has been reclassified as current liabilities as at 31 December 2024. Upon the settlement received from the Purchaser during the year ended 31 December 2025, the amount payable in respect of Yangzhuang iron ore mine of RMB20,000,000 was derecognised.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

- (b) The Group has obtained the new mining right certificate of Shandong Ishine's Zhuge Shangyu ilmenite ore mine with an annual mining capacity of 800,000 metric tonnes per year. Pursuant to an agreement dated 17 November 2022 entered into between Shandong Ishine and the PRC relevant authorities, Shandong Ishine is required to pay a total consideration of approximately RMB171,349,000 for the Shandong Ishine's Zhuge Shangyu ilmenite ore mine. In November 2023, the mining permit for Zhuge Shangyu ilmenite ore mine was granted. The agreed consideration of RMB171,349,000 (including RMB51,349,000 paid and RMB120,000,000 payable) with a fair value of approximately RMB149,884,000, together with the relevant other costs of approximately RMB4,430,000, totalling approximately RMB154,314,000 was capitalised as intangible assets of the Group during the year ended 31 December 2023. During the years ended 31 December 2025 and 2024, additional relevant other costs of approximately RMB725,000 and RMB2,880,000 respectively, have been capitalised as intangible assets of the Group.

As at 31 December 2025, Shandong Ishine has paid approximately RMB81,349,000 (2024: RMB66,349,000). The remaining amount of RMB90,000,000 (2024: RMB105,000,000) will be payable in six (2024: seven) instalments from 2026 to 2031 (2024: 2025 to 2031), for which the amounts payable discounted at Shandong Ishine's cost of debt of 4.6% per annum to the present value of approximately RMB14,340,000 (2024: RMB34,340,000) and RMB62,779,000 (2024: RMB73,728,000), were included in the Group's current liabilities and non-current liabilities as at 31 December 2025, respectively.

During the year ended 31 December 2025, Shandong Ishine has applied to expand the approved annual mining capacity of the Zhuge Shangyu ilmenite ore mine from 800,000 metric tonnes to 1,400,000 metric tonnes through a change of the mining right certificate (deep boundary extension). Subsequent to 31 December 2025 and on 16 January 2026, the Group obtained an official review opinion issued by the Linyi Natural Resources and Planning Bureau (臨沂市自然資源和規劃局), confirming that the application complies with the relevant laws, regulations and policies, and agreeing to proceed with the change registration application. At the date of approval of financial statements, the application remains in progress and the updated mining right certificate has not yet been issued.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

(c) As at 31 December 2025 and 2024, amounts payable for mining rights are as follows:

As at 31 December 2025

	Yangzhuang RMB'000 (Note (a))	Zhuge Shangyu RMB'000 (Note (b))	TOTAL RMB'000
Classified as current liabilities	–	14,340	14,340
Classified as non-current liabilities	–	62,779	62,779
	–	77,119	77,119

As at 31 December 2024

	Yangzhuang RMB'000 (note (a))	Zhuge Shangyu RMB'000 (note (b))	TOTAL RMB'000
Classified as current liabilities	20,000	14,340	34,340
Classified as non-current liabilities	–	73,728	73,728
	20,000	88,068	108,068

Impairment loss of RMB5,687,000 (2024: Nil) on intangible assets was recognised in the profit or loss during the year ended 31 December 2025. Details of recoverable amount assessment on the related assets of Zhuge Shangyu ilmenite ore mine refer to Note 6 to the consolidated financial statements.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Classification of financial assets at fair value through other comprehensive income

As at 31 December 2025, financial assets at fair value through other comprehensive income of RMB7,107,000 (2024: RMB3,416,000) represent 1.12% (2024: 1.23%) of issued ordinary shares of Frontier Energy, which has been classified as level 1 financial instrument since Frontier Energy is a listed company in Australia being actively traded and the quoted price can be easily accessed.

### (b) Amounts recognised in other comprehensive income

	As at 31 December	
	2025	2024
Profit/(loss) recognised in OCI (Note 18)	3,691	(7,761)

### (c) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 10. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2025	2024
Deferred tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	–	–

There is no movement in the gross amount of the deferred income tax account.

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### (a) Deferred income tax assets

	Tax losses	Impairment losses	Total
At 1 January 2024	22,717	3,839	26,556
(Charged)/credited to the consolidated profit or loss	(20,581)	1,891	(18,690)
At 31 December 2024 and 1 January 2025	2,136	5,730	7,866
(Charged)/credited to the consolidated profit or loss	(1,493)	1,784	291
<b>At 31 December 2025</b>	<b>643</b>	<b>7,514</b>	<b>8,157</b>

### (b) Deferred income tax liabilities

	Depreciation of non- current assets	Other temporary differences	Total
At 1 January 2024	(17,402)	(9,154)	(26,556)
Credited to the consolidated profit or loss	17,402	1,288	18,690
At 31 December 2024 and 1 January 2025	–	(7,866)	(7,866)
Charged to the consolidated profit or loss	–	(291)	(291)
<b>At 31 December 2025</b>	<b>–</b>	<b>(8,157)</b>	<b>(8,157)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

- (i) As at 31 December 2025, the Group has not recognised deferred income tax assets of approximately RMB14,101,000 (2024: RMB4,965,000) in respect of accumulated losses arising from Shandong Shengtai (2024: Shandong Shengtai) amounting to RMB56,406,000 (2024: RMB19,861,000), that can be carried forward against future taxable income.
- (ii) The expiry dates of the tax losses of the Group for which no deferred income tax asset was recognised are summarised as follows:

	As at 31 December	
	2025	2024
Year of expiry		
2027	–	–
2028	–	–
2029	–	–
2030	–	–
2031	–	–
2032	145	–
2033	10,789	3,831
2034	16,030	16,030
2035	29,442	–
	<b>56,406</b>	<b>19,861</b>

## 11. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2025	2024
Deposits paid for capital expenditure ( <i>Note (a)</i> )	7,479	17,340
Land construction deposits ( <i>Note (b)</i> )	6,135	22,650
Land restoration deposits	6,571	7,224
Taxes paid for land and building	–	4,116
	<b>20,185</b>	<b>51,330</b>

Notes:

- (a) Included in deposits paid for capital expenditure as at 31 December 2025 was an amount of RMB7,000,000 (2024: RMB9,000,000) being upfront payment for the acquisition of a land use right. Other balances represented deposits paid for acquisition of property, plant and equipment.
- (b) Land construction deposits represented guarantee monies paid to the PRC relevant authorities to secure the development of the land obtained from them. The deposits will be refunded to the Group upon the completion of the constructions on the land.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 12. INVENTORIES

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Commodities held for trading		
– Blended coal	–	2,147
Spare parts and others	<b>4,112</b>	3,136
Provision for inventory write-down	<b>(817)</b>	(1,512)
	<b>3,295</b>	3,771

For the year ended 31 December 2025, the costs of inventories recognised as ‘cost of sales’ amounted to RMB72,477,000 (2024: RMB266,343,000).

The movement of provision for inventory write-down for the years ended 31 December 2025 and 2024 is as follows:

	<b>Provision for inventory write-down</b>
As at 1 January 2024	1,378
Write-down of inventories, net	3,178
Written off against cost of inventories	(3,044)
As at 31 December 2024 and 1 January 2025	1,512
Reversal of write-down of inventories, net	<b>(948)</b>
Reversal of written off against cost of inventories	<b>253</b>
As at 31 December 2025	<b>817</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 13. TRADE AND BILL RECEIVABLES

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Trade receivables	<b>326</b>	25,974
Less: allowance for impairment of trade receivables	<b>(326)</b>	(3,303)
Trade receivables, net	–	22,671
Bill receivables	<b>2,725</b>	–
Trade and bill receivables – net	<b>2,725</b>	22,671

All trade receivables were derived from contracts with customers. At 1 January 2024, trade receivables from contracts with customers, after deduction of expected credit losses of RMB4,036,000, amounted to RMB28,914,000.

The ageing analysis of trade receivables (before deduction of provision for impairment loss) presented based on invoice dates, is as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Within 3 months	–	22,923
Over 3 months but less than 6 months	–	–
Over 6 months but less than 1 year	–	–
Over 1 year	<b>326</b>	3,051
	<b>326</b>	25,974

The ageing analysis of bill receivables, presented based on the maturity dates of the bills, is as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Within 3 months	<b>1,500</b>	–
Over 3 months but less than 6 months	<b>1,225</b>	–
Over 6 months but less than 1 year	–	–
Over 1 year	–	–
	<b>2,725</b>	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The Group's trade and bill receivables were denominated in RMB.

Movement on the Group's allowance for impairment of trade receivables is as follows:

	Year ended 31 December	
	2025	2024
At 1 January	3,303	4,036
Reversal of impairment loss on trade receivables (Notes 3.1(b) and 26)	(2,977)	(733)
<b>At 31 December</b>	<b>326</b>	<b>3,303</b>

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 3.1.

## 14. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	2025	2024
Rights to consideration recoverable from customers for obligations under contracts for processing services	–	10,405

As at 1 January 2024, contract assets amounted to nil after deduction of expected credit losses.

The contract assets primary relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

- Processing services

The Group typically bills and receives 80% of total processing service fee within 30 days after the processing of mineral ore are completed. The remainder of the consideration is payable upon the delivery of the processed minerals to the customer and the finalisation of other contra charges from both parties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

As at 31 December 2025, contract assets decreased significantly to Nil as there was no processing activity near the year end of 2025. As at 31 December 2024, the Group had certain unbilled orders which had been already completed and subsequently billed in early 2025.

All the contract assets are expected to be recovered within one year.

The details of ECL assessment on contract assets are disclosed in note 3.1(b) to the consolidated financial statements.

## (b) Contract liabilities

	2025	2024
Receipt in advance from customers	<b>2,770</b>	6,158

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Trading of minerals

When the Group receives a deposit before the control of goods has passed to the customer this will give rise to contract liabilities. For majority of the customers, the Group typically receives 10% to 15% of total contract sum as deposits on acceptance of sales order, and the remaining amount to be fully settled before the control of the goods is passed to the customer.

The decrease in contract liabilities in the current year was mainly due to the decrease in trading sales not yet completed by the end of 2025.

There is no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

### ***Movements in contract liabilities***

	2025	2024
Balance at 1 January	<b>6,158</b>	4,054
Decrease in contract liabilities as a result of recognised revenue and other income during the year that was included in the contract liabilities at the beginning of the year	<b>(6,158)</b>	(4,054)
Trade deposits received from customers	<b>2,770</b>	6,158
	<b>2,770</b>	6,158

All the contract liabilities are expected to be recognised as income within one year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 15. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
Consideration receivable for the Disposal	–	259,484
Trade deposits to suppliers (Note (a))	2,919	8,496
Utility deposits	1,323	1,894
Prepaid taxes	1,548	7,271
Prepaid rent and motor vehicle expenses	917	–
Land restoration deposits	8	34
Deductible input value-added tax	26,979	12,622
Advances to employees	60	191
Compensation receivable (Note (b))	15,000	15,000
Others	823	1,449
	<b>49,577</b>	<b>306,441</b>

### (a) Trade deposits to suppliers

Trade deposits of approximately RMB2,919,000 (2024: RMB8,496,000) were paid to independent third-party suppliers of trading commodities in accordance with the relevant purchase contracts under which the trading commodities were not yet delivered to the Group at 31 December 2025. Subsequent to 31 December 2025 and up to the date of approval of the consolidated financial statements, approximately RMB2,579,000 out of these trade deposits have been applied to settle for the purchase costs of the trading commodities when the control of the trading commodities were transferred from the suppliers to the Group. No impairment is necessary on the trade deposits paid at the end of the reporting period as the selling prices and subsequent market prices of the trading commodities exceeded their purchase prices.

### (b) Compensation receivable

In accordance with a settlement agreement dated 15 January 2021 which was entered into with a stated-owned highway operator which is the defendant (the "Defendant") under the legal actions taken by the Group for unlawful encroachment of the mining areas of the Group's Yangzhuang Iron Mine in the previous years, compensation payable to the Group amounting to RMB50,000,000 was agreed by the Defendant, including an amount of RMB35,000,000 received by the Group during the year ended 31 December 2021 and the remaining RMB15,000,000 to be received upon the change in mining area as stipulated in the Group's mining permit for the Yangzhuang Iron Mine, which has been renewed by the relevant authority during the year ended 31 December 2023. At 31 December 2025 and 2024, the credit rating of the Defendant is high and there was no significant increase in credit risk of the defendant and the default risk on the remaining compensation receivable is considered to be insignificant and no provision for expected credit loss for the compensation receivable is necessary.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 16. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Cash and cash equivalents		
– Cash on hand	<b>15</b>	314
– Cash at bank	<b>240,155</b>	79,687
	<b>240,170</b>	80,001
Pledged bank deposits		
– Bank deposit pledged for issuing guarantee (Note)	<b>2,500</b>	–
	<b>242,670</b>	80,001

Note:

As at 31 December 2025, bank deposit amounting to RMB2,500,000 was pledged to a bank for issuing guarantee of RMB2,500,000 in favour of a contractor of the Group. There were no pledged bank deposits as at 31 December 2024.

Cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
RMB	<b>238,360</b>	78,414
HKD	<b>4,297</b>	1,573
USD	<b>13</b>	14
	<b>242,670</b>	80,001

RMB is currently not a freely convertible currency in international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 17. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of shares	Share capital	Share premium (a)	Total
At 1 January 2024, 31 December 2024 and 31 December 2025	350,286,528	11,802	774,217	786,019

### (a) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands. Under the Companies Act of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 18. OTHER RESERVES

	Merger Reserve (a)	Capital reserve (b)	Statutory reserve fund (c)	Safety fund (d)	Future development fund (e)	Share award scheme reserve (f)	FVOCI	Total
<b>At 1 January 2024</b>	(162,269)	53,129	48,483	12,662	4,497	(1,179)	(4,471)	(49,148)
Transferred to statutory reserve fund	-	-	5,479	-	-	-	-	5,479
Change in value on FVOCI	-	-	-	-	-	-	(7,761)	(7,761)
<b>At 31 December 2024</b>	(162,269)	53,129	53,962	12,662	4,497	(1,179)	(12,232)	(51,430)
Release of reserve to accumulated losses	-	-	-	(12,662)	(4,497)	-	-	(17,159)
Change in value on FVOCI	-	-	-	-	-	-	3,691	3,691
<b>At 31 December 2025</b>	(162,269)	53,129	53,962	-	-	(1,179)	(8,541)	(64,898)

### (a) Merger reserve

Merger reserve represents the difference between share capital and share premium issued by the Company for the acquisition of the subsidiaries pursuant to a reorganisation for initial public offering purpose and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

### (b) Capital reserve

Capital reserve represents the net contributions received by the subsidiaries of the Group from equity holders in previous years.

### (c) Statutory reserve fund

In accordance with the PRC Company Law, the Group's PRC registered subsidiaries are required to allocate 10% of their net profit less accumulated losses brought forward from previous years (if any) as determined in accordance with the relevant accounting principles and financial regulations applicable to the PRC companies ("PRC GAAP"), to the statutory reserve fund until such reserve reaches 50% of their respective registered capital. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory reserve can be used to offset losses arising from previous years, if any, and part of the statutory surplus reserve can be capitalised as share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of their respective share capital.

During the year ended 31 December 2025, these PRC registered subsidiaries did not make appropriation to the statutory reserve fund. For the year ended 31 December 2024, Hami Xinxing allocated approximately RMB5,479,000, representing 10% of its accumulated profits as determined in accordance with the PRC GAAP, to the statutory reserve fund.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

## **(d) Safety fund**

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, Shandong Ishine is required to appropriate to a safety fund at RMB8 per ton of iron ore and ilmenite ore mined under well and at RMB4 per ton of iron ore and ilmenite ore mined in the open pit. The fund can be used for improvements of safety of mines, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, Shandong Ishine is eligible to transfer the equivalent amount of the expenditures from safety fund to retained earnings.

During the year ended 31 December 2025, the balances of safety fund and future development fund were transferred back to accumulated losses, as movements in reserve, after the disposal of Yangzhuang Iron Mine, as referred to note 28(b)(i) and (ii).

## **(e) Future development fund**

Pursuant to the relevant PRC regulations, Shandong Ishine is required to appropriate to a future development fund at RMB15 per ton of iron ore and ilmenite ore mined. The fund can be used for future development of the iron ore and ilmenite ore mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditures, Shandong Ishine is eligible to transfer the equivalent amount of the expenditures from future development fund to retained earnings.

During the year ended 31 December 2025, the balances of safety fund and future development fund were transferred back to accumulated losses, as movements in reserve, after the disposal of Yangzhuang Iron Mine, as referred to note 28(b)(i) and (ii).

## **(f) Share award scheme reserve**

The Company adopted a restricted share award scheme on 28 December 2020 (as further amended on 6 June 2024) (the "Share Award Scheme"). No share of the Company was repurchased during the year ended 31 December 2025 and 2024. Up to the end of the reporting period, no share has been granted under the Share Award Scheme.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 19. TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Trade payables	<b>9,911</b>	20,895
Other payables	<b>71,864</b>	–
	<b>81,775</b>	20,895

The ageing analysis of trade and other payables presented based on invoice dates, are as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Trade Payables:		
Within 6 months	<b>8,762</b>	11,151
Over 6 months but less than 1 year	–	3,919
Over 1 year	<b>1,149</b>	5,825
	<b>9,911</b>	20,895

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Other Payables:		
Within 6 months	<b>71,864</b>	–
Over 6 months but less than 1 year	–	–
Over 1 year	–	–
	<b>71,864</b>	–

The Group's trade and other payables were denominated in RMB.

## 20. ACCRUALS AND OTHER PROVISIONS

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Accrued land compensation costs	<b>111</b>	11,616
Advanced construction funds from government	<b>1,000</b>	11,950
Guarantee deposits retained for capital expenditure	<b>9,562</b>	2,572
Value-added tax payable for the Disposal	–	19,484
Value-added tax and other taxes payable	<b>597</b>	4,654
Employee benefits payable	<b>2,958</b>	5,394
Others	<b>3,485</b>	3,747
	<b>17,713</b>	59,417

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 21. BORROWINGS

	As at 31 December 2025	2024
<b>Current</b>		
Other borrowings	7,997	–
	7,997	–
<b>Total Borrowings</b>	<b>7,997</b>	<b>–</b>
Representing:		
Unsecured		
– Other borrowings payable within 1 year (a)	7,997	–
<b>Total Borrowings</b>	<b>7,997</b>	<b>–</b>

At 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

	As at 31 December 2025	2024
Within 1 year	7,997	–

All the Group's borrowings were denominated in Hong Kong Dollars.

### (a) Other borrowings

As at 31 December 2025, the Group borrowings comprised of (i) a loan of HK\$7,000,000 from an independent third party which was unsecured, bearing interest at 9% per annum and repayable within 1 year, and (ii) a loan of HK\$1,800,000 from an independent third party which was unsecured, interest-free and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 22. PROVISIONS FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	As at 31 December	
	2025	2024
At 1 January	–	12,918
Unwinding of discount charged to the consolidated profit or loss (Note 29)	–	861
Released to the consolidated profit or loss upon completion of the Disposal (Note 28(b)(i))	–	(13,779)
At 31 December	–	–

A provision is recognised for the present value of costs to be incurred for the restoration of the damaged lands at the mining sites due to mining activities and the removal of the processing plants. These costs have been determined by management based on their past experience and best estimate of future cash flows by discounting the expected expenditures to their net present value. As the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associate costs may be subject to revision in the future. The amounts provided as close down, restoration and environmental costs are reviewed at least annually based upon the facts and circumstances available at the time and provisions are updated accordingly.

The provisions were solely provided in respect of the mining sites of Yangzhuang Iron Mine which had carried out substantial mining activities in previous years. Upon the completion of the Disposal, the Group was no longer obliged to incur such close down and restoration costs. Accordingly, the provisions were released to the consolidated profit or loss upon completion of the Disposal during the year ended 31 December 2024.

## 23. DIVIDENDS

The Board did not recommend a final dividend for the year ended 31 December 2025 (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 24. REVENUE

### (a) Disaggregated revenue information

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

#### *Revenue from contracts with customers within the scope of HKFRS 15*

Disaggregated by major products or service lines:

	Year ended 31 December	
	2025	2024
Trading of minerals		
– Sales of blended coal	26,778	185,533
– Sales of coarse iron powder	3,405	58,491
– Sales of semi-coke	36,685	–
	<b>66,868</b>	244,024
Processing service income		
– from processing of iron and other mineral ores	8,712	38,066
	<b>75,580</b>	282,090

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 5(c) to the consolidated financial statements.

	2025	2024
Timing of revenue recognition		
– Goods transferred at a point in time	66,868	244,024
– Services transferred over time	8,712	38,066
	<b>75,580</b>	282,090

### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

#### *Trading of minerals*

The Group acts as principal in its trading of minerals and recognises revenue on a gross basis that it obtains control of the products before they are transferred to the customers. Details refer to note 4(vii) to the consolidated financial statements.

The performance obligation is satisfied upon the control of goods has transferred, being the point in time when the goods are delivered to and accepted by the customer. There is no unfulfilled obligation that may have an impact on the customer's acceptance of the goods. Payment terms refer to the note 14(b) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## Processing service income

The performance obligation is satisfied over time as the processing services are rendered. Details of typical payment terms on processing service income refer to note 14(a) to the consolidated financial statements.

## 25. EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
Cost of trading commodities sold	66,230	231,933
Raw materials and spare parts utilised	976	3,757
Transportation costs	–	125
Depreciation of property, plant and equipment (Note 6)	15,462	18,454
Depreciation of right-of-use assets (Note 7)	3,004	2,684
Amortisation of deferred income	–	(77)
Loss on disposal of property, plant and equipment	5,115	4,370
Employee benefit expense (Note 27)	18,874	17,102
Short-term rental of operating equipment and warehouses	1,823	7,773
Land compensation expenses	4,977	2,569
Utilities and electricity	3,003	10,289
Professional fees	5,696	10,412
Auditors' remuneration		
– Audit services	1,355	1,945
– Non-audit services	403	788
Travelling expenses	1,641	1,697
Promotion and marketing expenses	79	2,782
Insurance	286	249
Local government levies	3,085	4,277
Donation	100	–
Other expenses	6,253	7,199
<b>Total cost of sales, distribution expenses and administrative expenses</b>	<b>138,362</b>	<b>328,328</b>

## 26. REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Year ended 31 December	
	2025	2024
Reversal of impairment loss on trade receivables (Note 13)	2,977	733

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 27. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2025	2024
Wages, salaries and allowances	16,525	14,801
Pensions and other welfare expenses*	2,349	2,301
	<b>18,874</b>	17,102

\* The Group had no forfeited contributions under the Mandatory Provident Fund Scheme (the "MPF Scheme") and its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the year ended 31 December 2025 (2024: Nil). There were also no forfeited contributions available to reduce future contributions at the end of the reporting period (2024: Nil).

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2024: four) directors whose emoluments are reflected in the analysis shown in note 37. The emoluments payable to the remaining two (2024: one) individual during the year are as follows:

	Year ended 31 December	
	2025	2024
Basic salaries and allowances	1,127	798
Contributions to pension schemes	33	19
	<b>1,160</b>	817

The emoluments of the five highest paid individuals fell within the following band:

Emolument band	Number of individuals	
	Year ended 31 December	
	2025	2024
HKD500,000 and below	2	2
HKD500,001 – HKD1,000,000	3	3

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 28. OTHER INCOME/OTHER NET GAIN

### (a) Other income

	Year ended 31 December	
	2025	2024
Government grants	632	139
Short term lease income	180	–
Others	42	12
	<b>854</b>	<b>151</b>

### (b) Other net gain

	Year ended 31 December	
	2025	2024
Net gain resulted from the disposal of mining right in respect of Yangzhuang Iron Mine and the related assets and an exploration right (Note (i))	–	115,805
Gain on disposal of an exploration right (Note (ii))	–	7,547
Gain on reversal of over-provision for accrued expenses attributable to Yangzhuang Iron Mine (Note (iii))	27,424	–
	<b>27,424</b>	<b>123,352</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

- (i) During the year ended 31 December 2024, the Disposal (as defined in Note 8(a)) was completed. The calculation of the net gain on the Disposal is as follows:

Gross amount receivable from the Purchaser pursuant to the Assets Transfer Agreement	<b>314,484</b>
Less: value-added tax payable for the Disposal	<b>(19,484)</b>
<b>Net proceeds from the Disposal</b>	<b>295,000</b>
Carrying amounts of the Subject Assets and the relating liabilities disposed of	
– Mining right in respect of Yangzhuang Iron Mine	<b>67,853</b>
– Property, plant and equipment	<b>125,160</b>
– Deferred income	<b>(39)</b>
– Provisions for close down, restoration and environmental costs	<b>(13,779)</b>
<b>Net carrying amount of the Subject Assets and the relating liabilities</b>	<b>179,195</b>
<b>Net gain on the Disposal</b>	<b>115,805</b>

As at 31 December 2024, the legal obligation of the amount payable for the mining right in respect of Yangzhuang Iron Mine was yet transferred to the Purchaser. Accordingly, the amount payable continued to be recognised as the Group's liabilities as at 31 December 2024, while the full amount of the payable was reclassified to current liabilities as the amount payable would be used to net off with the proceeds receivable from the Purchaser upon change of legal obligation of the payable, which is not under the Group's control.

- (ii) During the year ended 31 December 2024, the Group disposed of an exploration right in respect of Gaozhuang Shangyu Ilmenite Mine with net carrying amount of Nil to a purchaser at an agreed consideration of RMB8,000,000. Gain on disposal as calculated by deducting the relevant value-added tax of approximately RMB453,000 from the consideration of RMB8,000,000, being approximately RMB7,547,000 was recognised in the consolidated profit or loss for the year ended 31 December 2024.
- (iii) During the year ended 31 December 2025, the new mining certificate has been formally issued to the Purchaser under the Disposal. As at 31 December 2024, the Group has accrued for certain expenses during the course of its operations in Yangzhuang Iron Mine in previous years, which remained unpaid up to that date. In view of legal title of the mining right and related assets having been transferred to the Purchaser and legal opinion sought by the Group in respect of the legal exposure to these long outstanding accrued expenses, the Group considered the probability of request for payment of these accrued expenses to be remote and accordingly, provision for these accrued expenses was reversed and credited as a gain recognised in the consolidated profit or loss during the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 29. FINANCE COSTS – NET

	Year ended 31 December	
	2025	2024
Interest income:		
– Interest income on bank deposits	456	918
Interest expense:		
– Borrowings	(29)	(739)
– Provisions: unwinding of discount (Note 22)	–	(861)
– Amount payable for mining rights (Note 8(c))	(4,051)	(7,146)
– Lease liabilities (Note 7)	(44)	(93)
	(4,124)	(8,839)
<b>Finance costs – net</b>	<b>(3,668)</b>	<b>(7,921)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 30. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2025 (expressed in dollars of respective currencies):

Company name	Place and date of incorporation	Principal activities	Place of Operation	Type of legal entity	Registered/ issued capital	Equity interest attributable to the Group
<b>Directly held:</b>						
Alliance Worldwide	The BVI/ 29 November 2010	Investment holding	Hong Kong	Limited liability company	USD50,000	100%
Active Fortune	The BVI/ 10 November 2014	Investment holding	Hong Kong	Limited liability company	HKD7.76	100%
Rongsheng	The Cayman Islands/ 27 March 2015	Investment holding	Hong Kong	Limited liability company	HKD0.06	100%
HK Gold Investment	The BVI/ 23 October 2025	Investment holding	Hong Kong	Limited liability company	USD100	100%
<b>Indirectly held:</b>						
Fortune Shine	The Cayman Islands/ 21 September 2010	Investment holding	Hong Kong	Limited liability company	USD50,000	100%
Shine Mining	Hong Kong/ 1 November 2010	Investment holding	Hong Kong	Limited liability company	HKD10,000	100%
Ishine Mining	Hong Kong/ 22 December 2010	Investment holding	Hong Kong	Limited liability company	HKD10,000	100%
Shandong Ishine	The PRC/ 4 December 2001	Iron ore mining, processing and sales of iron concentrates	The PRC	Limited liability company	USD42,614,183	100%
Alpha Charm	The BVI/ 10 November 2014	Investment holding	Hong Kong	Limited liability company	USD1	100%
Grandson	Hong Kong/ 3 October 2014	Investment holding	Hong Kong	Limited liability company	HKD1	100%
Hami Xinxing	The PRC/ 8 September 2021	Transportation and trading of minerals	The PRC	Limited liability company	RMB20,000,000	100%
Shandong Shengtai	The PRC/ 27 September 2022	Iron ore mining, processing and sales of iron concentrates	The PRC	Limited liability company	RMB60,000,000	100%
Inner Mongolia Mingsheng	The PRC/ 3 December 2025	Inactive	The PRC	Limited liability company	RMB3,000,000	100%
HK Gold Fund Management	Hong Kong/ 16 December 2025	Inactive	Hong Kong	Limited liability company	HKD10,000	100%

As at 31 December 2025, there was no non-controlling interest in the subsidiaries of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 31. INCOME TAX

	Year ended 31 December	
	2025	2024
PRC Corporate Income Tax		
– Current tax	<b>2,504</b>	5,654
– Over-provision in previous years	<b>(132)</b>	(712)
Deferred tax ( <i>Note 10</i> )		
– Origination and reversal of temporary differences	–	–
	<b>2,372</b>	4,942

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

The subsidiaries of the Company incorporated in the BVI under the International Business Companies Acts of the British Virgin Islands are exempted from payment of the BVI income tax.

Hong Kong profits tax has not been provided for the subsidiaries in Hong Kong as there is no taxable income arising in or derived from Hong Kong during the years ended 31 December 2025 and 2024.

Corporate income tax in the PRC is calculated based on the statutory profit of the subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain items of income and expenses that are not assessable or deductible for income tax purposes.

For the years ended 31 December 2025 and 2024, PRC corporate income tax has been provided for at the rate of 25% on the assessable profits of the Group's PRC subsidiaries, except for Shandong Ishine which had available tax losses brought forward from previous years which fully offset its assessable profit for the year ended 31 December 2023, and no provision had been made for Shandong Shengtai as the subsidiary incurred a loss for both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rates applicable to (loss)/profit of the consolidated entities as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<b>(Loss)/profit before income tax</b>	<b>(85,088)</b>	66,665
Tax calculated at domestic tax rates applicable in the respective jurisdictions	<b>(20,058)</b>	18,279
Tax effects of:		
– Income not taxable	–	(5)
– Expenses not deductible for tax purposes	<b>15,072</b>	3,971
– Tax loss not recognised	<b>7,360</b>	4,007
– Utilisation of tax losses previously not recognised	<b>130</b>	(20,598)
Over-provision in previous years	<b>(132)</b>	(712)
<b>Income tax expense</b>	<b>2,372</b>	4,942

## 32. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
(Loss)/profit attributable to owners of the Company	<b>(87,460)</b>	61,723
Weighted average number of ordinary shares in issue	<b>349,785,528</b>	349,785,528
Basic (loss)/earnings per share (Expressed in RMB cents per share)	<b>(25.00)</b>	17.65

### (b) Diluted

There was no dilutive instrument of the Company for the years ended 31 December 2025 and 2024, no diluted (loss)/earnings per share was presented.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 33. CASH GENERATED FROM OPERATIONS

### (a) Cash generated from operations

	Year ended 31 December	
	2025	2024
(Loss)/profit before income tax	<b>(85,088)</b>	66,665
Adjustments for:		
– Depreciation of property, plant and equipment (Note 6)	<b>15,462</b>	18,454
– Depreciation of right-of-use assets (Note 7)	<b>3,004</b>	2,684
– Amortisation of deferred income (Note 25)	–	(77)
– Reversal of impairment loss on financial assets (Note 26)	<b>(2,977)</b>	(733)
– (Reversal of)/write-down of inventories, net (Note 12)	<b>(948)</b>	3,178
– Impairment loss on property, plant and equipment (Note 6)	<b>35,395</b>	–
– Impairment loss on right-of-use assets (Note 7)	<b>9,776</b>	–
– Impairment loss on intangible assets (Note 8)	<b>5,687</b>	–
– Gain on reversal of over-provision for accrued expenses attributable to Yangzhuang Iron Mine (Note 28(b))	<b>(27,424)</b>	–
– Gain resulted from the Disposal (Note 28(b)(i))	–	(115,805)
– Gain on disposal of an exploration right (Note 28(b)(ii))	–	(7,547)
– Loss on disposal of property, plant and equipment (Note 25)	<b>5,115</b>	4,370
– Interest expense on bank borrowings (Note 29)	<b>29</b>	739
– Interest expense on unwinding of discount (Note 29)	–	861
– Interest expense on amount payable for mining rights (Note 29)	<b>4,051</b>	7,146
– Interest expense on lease liabilities (Note 29)	<b>44</b>	93
– Interest income (Note 29)	<b>(456)</b>	(918)
Changes in working capital:		
– Inventories	<b>2,331</b>	2,753
– Trade and bill receivables and contract assets	<b>33,328</b>	(2,029)
– Prepayments and other receivables	<b>(23,685)</b>	1,176
– Trade and other payables	<b>(8,886)</b>	(27,990)
– Accruals and other provisions and contract liabilities	<b>(21,350)</b>	(9,382)
Cash used in operations	<b>(56,592)</b>	(56,362)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## (b) Reconciliation of liabilities from financing activities

This section sets out an analysis of and the movements in liabilities from financing activities for each of the periods presented.

	<b>As at 31 December</b>	
	<b>2025</b>	2024
Borrowings	<b>(7,997)</b>	–
Lease liabilities	<b>(2,641)</b>	(870)
Amount due to a former controlling shareholder	<b>(486,690)</b>	(263,900)
Amount due to a related company	<b>(12,505)</b>	(3,227)
	<b>(509,833)</b>	(267,997)

	Liabilities from financing activities					Total
	Borrowings	Interest payable	Lease liabilities	Amount due to a former controlling shareholder	Amount due to a related company	
As at 1 January 2024	(30,000)	–	(1,866)	(88,000)	–	(119,866)
Cash flows						
– Repayment of borrowings	30,000	–	–	–	–	30,000
– Payments for lease liabilities	–	–	1,115	–	–	1,115
– Payments of interests	–	739	–	–	–	739
– Advances from a former controlling shareholder	–	–	–	(175,900)	–	(175,900)
– Advances from a related company	–	–	–	–	(3,227)	(3,227)
Foreign exchange adjustments	–	–	(26)	–	–	(26)
Interest expense on borrowings	–	(739)	–	–	–	(739)
Interest expense on lease liabilities	–	–	(93)	–	–	(93)
As at 31 December 2024	–	–	(870)	(263,900)	(3,227)	(267,997)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	Liabilities from financing activities				Total
	Borrowings	Lease liabilities	Amount due to a former controlling shareholder	Amount due to a related company	
<b>As at 1 January 2025</b>	-	(870)	(263,900)	(3,227)	(267,997)
Cash flows					
- Proceeds from borrowings	(7,997)	-	-	-	(7,997)
- Payments for lease liabilities	-	1,095	-	-	1,095
- Advances from a former controlling shareholder	-	-	(222,790)	-	(222,790)
- Advances from a related company	-	-	-	(9,278)	(9,278)
Recognition of new lease	-	(2,875)	-	-	(2,875)
Foreign exchange adjustments	-	53	-	-	53
Interest expense on lease liabilities	-	(44)	-	-	(44)
<b>As at 31 December 2025</b>	<b>(7,997)</b>	<b>(2,641)</b>	<b>(486,690)</b>	<b>(12,505)</b>	<b>(509,833)</b>

(c) Other investing activity cash in/out flows represent non-operating cash transactions with third parties.

**(d) Non-cash transaction**

During the year ended 31 December 2025, the Group capitalised RMB71,864,000 of construction in progress for the Zhuge Shangyu Ilmenite Mine by recognising corresponding trade and other payables for machinery and construction works supplied. The machines have been delivered to site and the construction works have been completed, but the related invoices have not yet been received. This non-cash transaction has been excluded from "Payments for purchases of property, plant and equipment" and from the changes in working capital in the consolidated statement of cash flows.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 34. COMMITMENTS

### Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet provided for in the consolidated financial statements, is as follows:

	As at 31 December	
	2025	2024
Property, plant and equipment	<b>32,126</b>	9,400

## 35. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

- (a) The Company's directors were of the view that the following parties were related parties of the Group during the years ended 31 December 2025 and 2024:

Name of related party	Nature of relationship
Ms. Wei Jiaming	The ultimate controlling party and a Director of the Company as at 31 December 2025 and date of approval of the financial statements.
Mr. Li Yunde	A former controlling shareholder and a Director of the Company before 15 October 2025 and 8 January 2026, respectively, and a director of Shandong Ishine which is one of the major operating subsidiary of the Group.
Hongfa Holdings Limited ("Hongfa")	A former shareholder of the Company which was wholly-owned by Mr. Li Yunde, and has been wholly-owned by Mr. Geng Guohua, a Director of the Company since 6 January 2026.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## (b) Significant transactions with related parties

On 29 December 2021, Hami Xinxing, an indirect wholly-owned subsidiary of the Company, and Xinjiang Jiangna entered into a coal purchase and sale agreement (the "Coal Purchase and Sale Agreement"), pursuant to which Hami Xinxing shall purchase blended coal from Xinjiang Jiangna from 22 April 2022 (being the date immediately after fulfilling all the conditions precedent as set out in the Coal Purchase and Sale Agreement) to 31 December 2024. There was no balance or transaction under the Coal Purchase and Sale Agreement during the years ended 31 December 2025 and 2024.

The transactions and balances resulted from other transactions and balances of the Group with the related parties are as follows:

	Year ended 31 December	
	2025	2024
Advances from Ms. Wei Jiaming, the ultimate controlling party and a director of the Company (Note (i))	135	–
Advances from Mr. Li Yunde, ceased to be a controlling shareholder since 15 October 2025	222,790	175,900
Advances from Hongfa, a related company	9,278	3,227
	As at 31 December	
	2025	2024
Amount due to Mr. Li Yunde, ceased to be a controlling shareholder since 15 October 2025: (Note (ii))		
Classified as non-current liabilities (Note 4(a)(i))	(486,690)	–
Classified as current liabilities	–	(263,900)
Amount due to Hongfa, a related company (Note (iii))	(12,505)	(3,227)
Amount due to Ms. Wei Jiaming, the ultimate controlling party and a director of the Company (i) (Note (iii))	(135)	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Notes:

- (i) During the year, the Group received an interest-free and unsecured advance from Ms. Wei Jiaming, the ultimate controlling party and a director of the Company, which constituted financial assistance from a connected person and was fully exempt under Rule 14A.90.
- (ii) Mr. Li Yunde was the Chairman of the Board, an executive Director and controlling shareholder of the Company until he ceased to be a controlling shareholder on 15 October 2025, and was therefore a connected person of the Company under Chapter 14A of the Listing Rules during the period up to 15 October 2025. The advances provided by Mr. Li Yunde to the Group constituted connected transactions under Chapter 14A of the Listing Rules for the period up to 15 October 2025.

The advances were made for the benefit of the Group on normal commercial terms, were unsecured and interest-free, and no security over the assets of the Group was granted. Accordingly, such financial assistance fell within the exemption under Rule 14A.90 of the Listing Rules and was fully exempt from reporting, announcement and independent shareholders' approval requirements.

The outstanding balance as at 31 December 2025 was unsecured, interest-free, with no fixed repayment terms and is repayable only when sufficient resources are available.

- (iii) The balances were unsecured, interest-free, with no fixed repayment terms.

## (c) Key management compensation

Key management includes directors (executive and non-executive), senior management and company secretary of the Company, as well as members of the executive committee of Shandong Ishine. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2025	2024
Wages, salaries and allowances	3,750	3,569
Contributions to pension schemes	49	52
	<b>3,799</b>	<b>3,621</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

### Statement of financial position of the Company

	As at 31 December 2025	2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
Interest in subsidiaries	439,794	438,314
Right-of-use assets	2,672	794
	<b>442,466</b>	439,108
<b>Current assets</b>		
Prepayments and other receivables	1,620	1,293
Cash and cash equivalents	4,271	1,543
	<b>5,891</b>	2,836
<b>Total assets</b>	<b>448,357</b>	441,944
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital (Note 17)	11,802	11,802
Share premium (Note 17)	774,217	774,217
Other reserves (Note)	118,370	118,370
Accumulated losses (Note)	(622,449)	(609,648)
<b>Total equity</b>	<b>281,940</b>	294,741
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liability-non-current portion	1,721	–
	<b>1,721</b>	–
<b>Current liabilities</b>		
Accruals and other payables	2,390	2,357
Amounts due to subsidiaries	140,749	140,749
Amount due to related company	12,505	3,227
Amount due to a director	135	–
Lease liability-current portion	920	870
Other borrowings	7,997	–
	<b>164,696</b>	147,203
<b>Total liabilities</b>	<b>166,417</b>	147,203
<b>Total equity and liabilities</b>	<b>448,357</b>	441,944

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Note:

## Movements of other reserves and accumulated losses of the Company

	Other reserves		Total	Accumulated losses
	Capital contributed surplus (Note)	Share award scheme reserve (Note 18(f))		
At 1 January 2024	119,549	(1,179)	118,370	(592,355)
Loss for the year	–	–	–	(17,293)
At 31 December 2024 and 1 January 2025	119,549	(1,179)	118,370	(609,648)
Loss for the year	–	–	–	(12,801)
At 31 December 2025	119,549	(1,179)	118,370	(622,449)

Note:

Capital contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the reorganisation for initial public offering purpose.

## 37. BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2025 and 2024 are set out below:

	Year ended 31 December	
	2025	2024
Basic salaries and allowances	2,471	2,393
Contributions to pension schemes	33	33
	<b>2,504</b>	<b>2,426</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

The remuneration of every director and the chief executive is set out below:

	Fees	Salary	Housing Allowance	Pension-defined contribution plan	Other Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
<b>Year ended 31 December 2025</b>						
<b>Executive Directors</b>						
Li Yunde (resigned on 8 January 2026)	-	760	-	17	-	777
Geng Guohua	-	712	-	16	-	728
Lang Weiguo (resigned on 8 January 2026)	-	285	-	-	-	285
Wei Jiaming (appointed on 18 December 2025)	-	-	-	-	-	-
Ng Hoi Kam (appointed on 18 December 2025)	-	-	-	-	-	-
Chen Hongzheng (appointed on 18 December 2025)	-	-	-	-	-	-
Liao Daxue (appointed on 18 December 2025)	-	-	-	-	-	-
<b>Non-executive Directors</b>						
Wang Dong (appointed on 18 December 2025)	-	-	-	-	-	-
Xia Chun (appointed on 18 December 2025)	-	-	-	-	-	-
Zhao Ju (appointed on 18 December 2025)	-	-	-	-	-	-
<b>Independent Non-executive Directors</b>						
Zhang Jingsheng (resigned on 8 January 2026)	143	-	-	-	-	143
Li Xiaoyang (resigned on 8 January 2026)	143	-	-	-	-	143
Leung Nga Tat (resigned on 8 January 2026)	285	-	-	-	-	285
Cheng Shuk Teh Esther (resigned on 8 January 2026)	143	-	-	-	-	143
Wong Chi Wah (appointed on 18 December 2025)	-	-	-	-	-	-
Xie Jie (appointed on 18 December 2025)	-	-	-	-	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

	Fees	Salary	Housing Allowance	Pension-defined contribution plan	Other Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
<b>Year ended 31 December 2024</b>						
<b>Executive Directors</b>						
Li Yunde	-	759	-	17	-	776
Geng Guohua	-	711	-	16	-	727
Lang Weiguo	-	285	-	-	-	285
<b>Independent Non-executive Directors</b>						
Zhang Jingsheng	142	-	-	-	-	142
Li Xiaoyang	142	-	-	-	-	142
Leung Nga Tat	285	-	-	-	-	285
Cheng Shuk Teh Esther (appointed on 6 June 2024)	69	-	-	-	-	69

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

## (b) Directors' retirement benefits

No retirement benefits were paid to the directors during the years ended 31 December 2025 and 2024 by defined benefit pension plans operated by the Group in respect of their services as directors of the Company and its subsidiaries in connection with the management of the affairs of the Company or its subsidiary undertakings.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

**(c) Directors' termination benefits**

No termination benefits were paid to the directors during the years ended 31 December 2025 and 2024 as compensation for the termination of the appointment of directors.

**(d) Consideration provided to third parties for making available directors' services**

During the years ended 31 December 2025 and 2024, no consideration was paid to the former employers of directors for making available the services of directors of the Company.

**(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

There are no loans, quasi-loans or other dealings entered into by the Company or subsidiary undertaking of the Company in favour of directors during the years ended 31 December 2025 and 2024.

**(f) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2025 and 2024.

## 38. EVENTS AFTER THE REPORTING PERIOD

The following material events occurred after the reporting period:

**(a) Right issue**

On 6 March 2026, the Company issued a prospectus in relation to a proposed renounceable rights issue ("Rights Issue") on the basis of one (1) new share of the Company (the "Right Share") for every two (2) existing shares of the Company held on 5 March 2026 (the "Record Date") at a subscription price of HK\$2.88 per Rights Share. A maximum of 175,143,264 Rights Shares may be issued, representing 50% of the existing issued share capital, to raise gross proceeds of up to approximately HK\$504.4 million (net proceeds approximately HK\$503.4 million).

The net proceeds from the Rights Issue are intended to be used for pursuing suitable acquisition and/or investment opportunities and for supplementing the working capital of the Group. On 23 March 2026, the Rights Issue has become unconditional and 175,143,264 Rights Shares have been issued. The Rights Issue and the related increase in share capital will be accounted for in the financial year ending 31 December 2026.

These events occurred after the reporting date and do not require adjustment to the consolidated financial statements for the year ended 31 December 2025. The Directors consider the disclosures above to be necessary for a proper understanding of the Group's financial position and future prospects.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## **(b) Acquisition of interests in Horizon Minerals Limited**

On 18 February 2026, the Company entered into a placement letter pursuant to which it agreed to subscribe for, and HRZ agreed to allot and issue, 36,574,077 new ordinary shares in HRZ at A\$1.08 per share for an aggregate consideration of approximately A\$39.5 million (equivalent to approximately RMB190.0 million).

The subscription comprises two tranches:

- Tranche 1 (unconditional): 11,486,942 shares (consideration is approximately A\$12.41 million), with settlement on 24 February 2026 and allotment on 25 February 2026. Upon completion, the Group will hold approximately 4.48% of the enlarged issued share capital of HRZ.
- Tranche 2 (conditional on HRZ shareholder approval): 25,087,135 shares (consideration is approximately A\$27.1 million), with expected settlement on 13 April 2026 and allotment on 14 April 2026. Upon completion of both tranches, the Group will hold approximately 9.95% of the enlarged issued share capital of HRZ.

The consideration will be funded partly by an unsecured, interest-free loan with no fixed repayment term from a controlling shareholder and partly by the net proceeds of the proposed rights issue described in note 38(a) above. The transaction constitutes a disclosable transaction under Chapter 14 of the Listing Rules. Foreign Investment Review Board (FIRB) approval is required for Tranche 2; the controlling shareholders have provided irrevocable undertakings to procure such approval (if needed) and to ensure compliance with Australian foreign investment laws.

The investment forms part of the Group's strategy to diversify its mining and mineral trading business into gold resources and is expected to be accounted for as an investment in equity instruments. As the placement letter was entered into after 31 December 2025, the transaction has no financial effect on the consolidated financial statements for the year then ended.

## **(c) Conditional acquisition of additional shares in Horizon Minerals Limited**

On 30 March 2026, the Company entered into a sale and purchase agreement with independent third-party vendors pursuant to which the Company conditionally agreed to acquire an aggregate of 37,700,000 ordinary shares in HRZ at an aggregate consideration of A\$40.7 million (equivalent to approximately RMB195.8 million). The consideration will be satisfied by the allotment and issue of 46,780,085 new shares of the Company at an issue price of HK\$4.70 per share under the general mandate.

Completion of the acquisition is subject to certain conditions precedent, including, among other things, the granting of listing approval for the consideration shares by The Stock Exchange of Hong Kong Limited, approval or no-objection from the Foreign Investment Review Board of Australia, compliance with applicable Australian laws and regulations, and the satisfaction or waiver of other customary conditions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

Upon completion of the acquisition, and assuming completion of the second tranche of the Company's subscription for HRZ shares as disclosed above, the Group is expected to hold an aggregate of 74,274,077 HRZ shares, representing approximately 19.97% of the enlarged issued share capital of HRZ. If the second tranche of the HRZ subscription does not complete, the Group is expected to hold 49,186,942 HRZ shares, representing approximately 18.87% of the issued share capital of HRZ.

## (d) Formation of a partnership and proposed investment in mining business

On 20 March 2026, Shenzhen Xinlong Mining Development Co., Ltd.\* (深圳鑫隆礦業發展有限公司) ("Shenzhen Xinlong"), an indirect wholly-owned subsidiary of the Company, as limited partner, Jiangxi Xintongying Enterprise Management Co., Ltd.\* (江西新同盈企業管理有限公司) ("Jiangxi Xintongying"), as limited partner, and Beijing Shiji Lande Enterprise Management Co., Ltd.\* (北京世紀蘭德企業管理有限公司) ("Beijing Shiji"), as general partner, entered into a partnership agreement to establish Jiangxi Lianhe Enterprise Management Centre (Limited Partnership)\* (江西聯合企業管理中心(有限合夥)) (the "Partnership") with initial subscribed capital of RMB26 million, RMB36 million and RMB1 million respectively.

On 26 March 2026, the parties entered into a supplemental agreement to contribute an additional RMB158 million in aggregate, increasing total registered capital to RMB221 million. Shenzhen Xinlong's total commitment is RMB108 million, representing approximately 48.87% interest in the Partnership, payable on or before 31 December 2026. Shenzhen Xinlong and Jiangxi Xintongying have each undertaken to provide further capital of up to RMB149 million as needed. The Group's contribution will be funded by the Rights Issue proceeds as described in note 38(a) above.

The Partnership entered into an investment intention agreement with Qianshan County Lanxiang Mining Co., Ltd.\* (鉛山縣藍翔礦業有限公司) to acquire 20% equity interests in Guixi Baojia Mining Co., Ltd.\* (貴溪鮑家礦業有限公司) for approximately RMB221 million. Baojia Mining is engaged in mining and processing silver, lead and zinc in Guixi City, Jiangxi Province.

As the Partnership was formed after 31 December 2025 and no capital had been paid up at the approval date of these financial statements, the transaction has no financial effect on the 2025 consolidated financial statements. The transactions constitute a disclosable transaction under Chapter 14 of the Listing Rules.

## 39. COMPARATIVE FIGURES

Certain comparative figures have been amended to conform with current year's presentation.

## 40. ULTIMATE CONTROLLING PARTY

At the end of the reporting period and up to the date of approval of the consolidated financial statements, the ultimate controlling party of the Company is Ms. Wei Jiaming.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)

## 41. ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Annual improvements to HKFRS Accounting Standards 2024	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7<sup>1</sup></i>
HKFRS 18 and consequential amendments to other HKFRSs	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
HKFRS 19 and consequential amendments to other HKFRSs	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>

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

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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors anticipate that the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

The amendments include:

- (a) clarification and further guidance for assessing whether the contractual cash flows of a financial asset meets the sole payments of principal and interest criterion;
- (b) clarification of the date of recognition and derecognition of some financial assets and liabilities, with an accounting policy option to allow an entity to derecognise a financial liability before the settlement date if it is settled in cash using an electronic payment system if specified criteria are met;
- (c) new disclosure requirements for investments in equity instruments designated at FVOCI; and
- (d) new disclosure requirements for financial instruments with contractual terms that could change the amount of contractual cash flows based on the occurrence (or non-occurrence) of a contingent event.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2025 (Amounts expressed in thousands of RMB unless otherwise stated)*

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group is in the process of evaluating the impact of the amendments on the consolidated financial statements for the forthcoming years.

HKFRS 18 *Presentation and Disclosure in Financial Statements* and consequential amendments to other HKFRSs

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). It carries forward many requirements from HKAS 1 unchanged. HKFRS 18 brings major changes to the statement of profit or loss and notes to the financial statements as follows:

- (a) HKFRS 18 requires an entity:
  - (i) to classify income and expenses into operating, investing and financing categories in the statement of profit or loss, plus income taxes and discontinued operations;
  - (ii) to present two new defined subtotals, namely, operating profit or loss and profit or loss before financing and income taxes.
- (b) It requires an entity to disclose management-defined performance measures ("MPM") and reconciliations between MPM and subtotals listed in HKFRS 18 or totals or subtotals required by HKFRSs.
- (c) It sets out requirements to help an entity determine whether information about items should be in the primary financial statements or in the notes and provides principles for determining the level of detail needed for the information.

HKFRS 18 also set out classification requirements for foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 *Basis of Preparation of Financial Statements* and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18 and consequential amendments to other HKFRSs are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the consolidated financial statements.

# Financial Highlights

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations					
Revenue	<b>75,580</b>	282,090	1,263,727	1,865,892	1,633,758
Cost of sales	<b>(72,477)</b>	(266,343)	(1,122,263)	(1,720,793)	(1,600,310)
Gross profit	<b>3,103</b>	15,747	141,464	145,099	33,448
Distribution expenses	–	(1,984)	(3,162)	(1,127)	(3,146)
Administrative expenses	<b>(65,885)</b>	(60,001)	(75,141)	(78,817)	(54,104)
Reversal of impairment loss/(impairment losses)					
on assets, net	<b>3,925</b>	(2,445)	(228)	(653)	(3,439)
Impairment loss on property, plant and equipment	<b>(35,395)</b>	–	–	–	–
Impairment loss on right-of-use assets	<b>(9,776)</b>	–	–	–	–
Impairment loss on intangible assets	<b>(5,687)</b>	–	–	–	–
Other income and other gain, net	<b>28,278</b>	123,503	145	13,633	2,138
Finance costs, net	<b>(3,668)</b>	(7,921)	(1,498)	(9,293)	(18,156)
Net foreign exchange gain/(loss)	<b>17</b>	(234)	(1,895)	(6,850)	13,202
(Loss)/profit before tax	<b>(85,088)</b>	66,665	59,685	61,992	(30,057)
Income tax expense	<b>(2,372)</b>	(4,942)	(9,160)	(4,357)	–
(Loss)/profit attributable to:					
Owners of the Company	<b>(87,460)</b>	61,723	50,525	57,635	(30,057)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	<b>298,267</b>	423,289	235,782	314,872	442,582
Non-current assets	<b>855,838</b>	592,692	633,515	431,173	263,389
Current liabilities	<b>140,841</b>	396,410	261,337	377,955	397,431
Non-current liabilities	<b>551,190</b>	73,728	116,079	14,106	21,330
Equity attributable to:					
Owners of the Company	<b>462,074</b>	545,843	491,881	353,984	287,210

# Financial Highlights

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	<b>(63,425)</b>	(72,019)	53,335	212,300	83,473
Net cash (used in)/generated from investing activities	<b>(15,323)</b>	(141,412)	(112,438)	(178,178)	4,912
Net cash generated from/(used in) financing activities	<b>238,970</b>	147,273	80,668	(103,477)	(20,888)

## SELECTED FINANCIAL RATIOS

	For the year ended 31 December				
	2025	2024	2023	2022	2021
Gross profit margin	<b>4.11%</b>	5.58%	11.19%	7.78%	2.05%
Net (loss)/profit margin	<b>(115.72%)</b>	21.88%	4.00%	3.09%	(1.84)%
Gearing ratio	<b>52.3%</b>	32.86%	19.35%	25.85%	38.61%