



潼關黃金集團有限公司 Tongguan Gold Group Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 340

2025 INTERIM REPORT



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Corporate Information

DIRECTORS

Executive Directors:

Jiang Zhiyong (*Chairman*)

Shi Xingzhi

Shi Shengli

Yeung Kwok Kuen (*Chief Financial Officer*)

Feng Fangqing

Independent Non-executive Directors:

Chu Kang Nam

Liang Xushu

Leung Ka Wo

AUDIT COMMITTEE

Leung Ka Wo (*Chairman*)

Chu Kang Nam

Liang Xushu

REMUNERATION COMMITTEE

Chu Kang Nam (*Chairman*)

Liang Xushu

Leung Ka Wo

Jiang Zhiyong

Yeung Kwok Kuen

NOMINATION COMMITTEE

Chu Kang Nam (*Chairman*)

Liang Xushu

Leung Ka Wo

Jiang Zhiyong

COMPANY SECRETARY

Leung Lai Ming

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wanchai

Hong Kong

REGISTERED OFFICE

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Hamilton HM 11

Bermuda

PRINCIPAL SHARE REGISTRAR

Appleby Global Corporate Services
(Bermuda) Limited

Canon's Court

22 Victoria Street

PO Box HM 1179

Hamilton HM EX

Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited

Suite 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

AUDITORS

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Room 3203A to 05

Lippo Center Tower 2

Admiralty

Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
(Asia) Limited

Bank of Communications (Hong Kong)
Limited

Agricultural Bank of China Limited

Industrial Bank Company Limited

Shanghai Pudong Development Bank
Co., Ltd.

Industrial and Commercial Bank of China
Limited

STOCK CODE

00340

COMPANY WEBSITE

www.tongguangold.com

Management Discussion and Analysis

RESULTS REVIEW

For the six months ended 30 June 2025 (the “Interim Period”), Tongguan Gold Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded the revenue amounted to approximately HK\$1,028,737,000, representing an increase of approximately 21% as compared to the revenue of approximately HK\$849,951,000 for the corresponding period in 2024. The increase in revenue was mainly attributable to the increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold. Detailed analysis is set out in below “Review of Operations” section.

Administrative and other expenses amounted to approximately HK\$81,298,000, representing an increase of approximately 12% from approximately HK\$72,610,000 for the corresponding period in 2024. This rise was primarily driven by the inclusion of expenses from Huasheng Construction Investment Limited and its subsidiaries following their acquisition in January 2025, as well as higher staff costs due to an increase in headcount and salary adjustments for both employees and directors. These factors were partially offset by a net decrease in one-off expenses, mainly due to the reduction in invalid exploration costs which was counterbalanced by increased professional fees arising from various non-routine projects and a donation made during the Interim Period.

The Group recorded the finance costs amounted to approximately HK\$19,844,000, representing an increase of approximately 28% from approximately HK\$15,529,000 for the corresponding period in 2024 and was mainly due to the increase in the interest expense on contract liabilities under the precious metals purchase agreement entered into with Zijin Metal Company Limited (“Streaming Agreement”) and increase on bank and other borrowings.

Income tax expense was increased by approximately HK\$38,786,000 as compared to income tax expense of approximately HK\$42,111,000 for the corresponding period in 2024. The increase was mainly due to an increase in the overall gross profit in the Interim Period.

The Group recorded profit for the Interim Period attributable to owners of the Company of approximately HK\$342,643,000, representing an increase of approximately 273% from approximately HK\$91,956,000 for the corresponding period in 2024 and was mainly due to the increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold in the Interim Period.

Management Discussion and Analysis

REVIEW OF OPERATIONS

A. Gold Mining Operation

The activity of the Group's gold mining operations is sale of mine-produced gold, including gold concentrate, gold bullion and related products, that contains of gold exploration, mining, processing and/or smelting operations.

For the Interim Period, the Group's revenue from gold mining operation amounted to approximately HK\$1,028,737,000, representing an increase of approximately 60% from approximately HK\$644,847,000 for the corresponding period in 2024 and was primarily contributed by (i) the increase in average selling price of mine-produced gold by upward trend of gold from RMB499 per gram for the corresponding period in 2024 to RMB666 per gram in the Interim Period; and (ii) an increase in sale volume of mine-produced gold from approximately 1.19 tonnes for the corresponding period in 2024 to approximately 1.44 tonnes in Interim Period.

The cost of sales amounted to approximately HK\$498,602,000, representing an increase of approximately 17% from approximately HK\$426,242,000 for the corresponding period in 2024. As a result, the gross profit from this operation amounted to approximately HK\$530,135,000 (gross profit margin of 51.5%), representing an increase in approximately 143% as compared with gross profit of approximately HK\$218,605,000 (gross profit margin of 33.9%) for the corresponding period in 2024. The increase in gross profit margin was mainly contributed by increase in the production and sale volumes of mine-produced gold together with higher average selling price of mine-produced gold in the Interim Period.

Management Discussion and Analysis

Details of the exploration, development and mining production activities, a summary of expenditure incurred on these activities and the all-in sustaining cost of mine-produced gold during the Interim Period are as below:

I Exploration

Tongguan County Xiangshun Mining Development Co., Ltd. ("Xiangshun Mining")

During the Interim Period, combination of pit drilling and tunnel exploration methods are used to carry out exploration activities.

Shaanxi Tongxin Mining Co., Ltd. ("Tongxin Mining")

During the Interim Period, Tongxin Mining's exploration right was successfully converted into mining right and is currently undergoing the design of safety facility related construction projects.

Tongguan County De Xing Mining L.L.C. ("De Xing Mining")

During the Interim Period, De Xing Mining is in the progress of conversion of exploration right to mining right. The development and utilization plan has been reviewed and approved and is currently preparing the environment restoration and management plan and the mining and safety facility design.

Tongguan Tongjin Mining Company Limited ("Tongjin Mining")

During the Interim Period, Tongjin Mining did not carry out any exploration activities.

Subei County Holezadegai Northeast Mining Co., Ltd. ("Northeast Mining")

During the Interim Period, combination tunnel exploration, surface drilling and pit drilling methods are used to carry out exploration activities.

Management Discussion and Analysis

Tianshui Xindu Mining Co., Ltd. ("Xindu Mining")

During the Interim Period, Xindu Mining was performing different kinds of exploration works, including soil surveying, geological surveying, trenching engineering and drilling engineering.

Tiuquan Chuangjin Mining Development Co., Ltd. ("Chuangjin Mining")

During the Interim Period, Chuangjin Mining was performing different kinds of exploration works, including soil surveying, geological surveying, trenching engineering and drilling engineering.

II Development

Xiangshun Mining, Tongxin Mining, De Xing Mining and Northeast Mining

During the Interim Period, Xiangshun Mining, Tongxin Mining, De Xing Mining and Northeast Mining have appointed several engineering and technical companies and have completed (i) the pit exploration project of approximately 9,396 meters and (ii) the pit drilling project and surface drilling of approximately 18,243 meters.

Tongjin Mining, Xindu Mining and Chuangjin Mining

During the Interim Period, Tongjin Mining, Xindu Mining and Chuangjin Mining did not carry out any development activities.

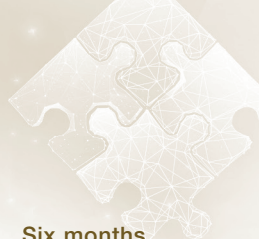
III Mining Production Activities

Xiangshun Mining and Northeast Mining

(1) Mining operation

	Six months ended 30 June 2025
Underground mining	
Ore production (thousand tonnes)	253.73
Total ore production (thousand tonnes)	253.73
Average gold grade (gram/tonne)	5.45

Management Discussion and Analysis



(2) Ore processing operation — Concentrating

**Six months
ended
30 June 2025**

Processing ore production (thousand tonnes)	279.84
Average gold grade (gram/tonne)	5.24
Gold production (Kilogram)	1,325.20

Tongxin Mining, De Xing Mining, Tongjin Mining, Xindu Mining and Chuangjin Mining

During the Interim Period, there was no mining production.

IV Exploration, development and mining production cost of the Group

Expenses of exploration, development and mining production activities of the Group for the Interim Period are set out as below:

	Mine produced Gold (HK\$'000)
Exploration and Mining activities	
Exploration and development construction	91,626
Mining ore	244,390
	<hr/>
Total	336,016
	<hr/>

V All-in sustaining cost of the Group

All-in sustaining cost includes operating cash costs, taxes and surcharges, and sustaining capital expenditures directly related to current production operations, as well as administrative and other expenses that support ongoing activities. Costs related to exploration-stage entities or major expansions are excluded. During the Interim period, the all-in sustaining cost of the Group was RMB361 per gram.

Management Discussion and Analysis

B. Gold Recycling Business

The activity of the Group's gold recycling business is involving sale of physical gold bullion by purchasing gold related materials from other supply chain players, and refining by subcontractors. For the Interim Period, no transaction was made under gold recycling business. For the corresponding period in 2024, the volume of sale of gold bullion was approximately 0.40 tonnes. Approximately HK\$205,104,000 of revenue and approximately HK\$204,951,000 of cost of sales were contributed from this operation for the six months ended 30 June 2024. Gross profit from this operation was thin and amounted to approximately HK\$153,000 for the six months ended 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2025, the Group had total assets and net assets of approximately HK\$5,574,793,000 (31 December 2024: approximately HK\$4,593,704,000) and approximately HK\$3,210,874,000 (31 December 2024: approximately HK\$2,618,967,000), respectively. The current ratio was approximately 0.81 (31 December 2024: approximately 0.36).

As at 30 June 2025, the Group had bank balances and cash, of approximately HK\$780,349,000 (31 December 2024: approximately HK\$172,329,000), of which most were denominated in Renminbi, United States dollar and Hong Kong dollar.

As at 30 June 2025, the Group had total bank and other borrowings of approximately HK\$567,719,000 (31 December 2024: approximately HK\$530,596,000) which were denominated in Renminbi, including the effective interest rates ranged from 3.28% to 5.50% (31 December 2024: 3.28% to 6.45%) per annum. This included bank borrowings with variable market rates ranged from loan prime rate ("LPR")+1.00% to LPR+1.95% (31 December 2024: from LPR+0.85% to LPR+2.60%) per annum. The slight increase in total borrowings is mainly resulting from the appreciation of the exchange rate of Renminbi against Hong Kong dollars. The gearing ratio, as a ratio of total sum of bank and other borrowings and promissory note to total equity was approximately 18.6% (31 December 2024: approximately 21.4%).

Management Discussion and Analysis

As at 30 June 2025, the Group had promissory note of approximately HK\$79,213,000 (31 December 2024: approximately HK\$75,710,000). The promissory note with principal amount of HK\$80,000,000 carries zero interest and will be due on 9 October 2025.

CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

On 24 January 2025, 60-months convertible bond in the aggregate principal amount of RMB30,000,000 in HK\$ equivalent (i.e., HK\$33,000,000, subject to adjustment) with 0% interest per annum (the “Convertible Bond”) was issued by the Company pursuant to the sale and purchase agreement dated 27 September 2024 in regards of the completion of acquisition of Huasheng Construction Investment Limited. Upon exercise of the conversion rights attached to the Convertible Bond in full, the Convertible Bond can be converted into 30,000,000 new shares of the Company at conversion price of RMB1.0 in HK\$ equivalent (i.e., HK\$1.1) per conversion share. Details are set out in the announcements of the Company dated 27 September 2024, 17 October 2024, 20 December 2024 and 24 January 2025.

As at 30 June 2025, the entire principal amount of the Convertible Bond remained outstanding. The management performed a fair value assessment and engaged an independent valuer to conduct an assessment on the Convertible Bond at the end of the Interim Period. As at 30 June 2025, the debt component and derivative component stated at fair value derived from the Convertible Bond and contingent consideration payables at fair value were assessed at approximately HK\$5,571,000, HK\$1,135,000 and HK\$26,520,000 respectively.

FOREIGN EXCHANGE RISK MANAGEMENT

As part of the Group's assets and liabilities are denominated in Hong Kong dollar and Canadian dollar, in order to minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

Management Discussion and Analysis

SHARE CAPITAL

On 22 April 2025, the Company completed the issuance of 327,420,000 new ordinary shares of the Company at the subscription price of HK\$0.69 per ordinary share.

As at 30 June 2025, the Company had 4,397,692,221 ordinary shares in issue with a total shareholders' fund of the Group amounting to approximately HK\$439,769,000.

SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND USE OF PROCEEDS FROM THE SUBSCRIPTION

On 8 April 2025, (i) the Company entered into subscription agreement with the subscriber "Grand Perception Singapore Global Investment Limited", pursuant to which the Company agreed to allot and issue, and the subscriber agreed to subscribe for, an aggregate of 159,420,000 subscription shares at the subscription price of HK\$0.69 per subscription share under the general mandate granted to the directors of the Company (the "Directors")(the "Subscription Shares A"); and (ii) the Company entered into subscription agreement with the subscriber "Zijin Metal Company Limited", pursuant to which the Company agreed to allot and issue, and the subscriber agreed to subscribe for, an aggregate of 168,000,000 subscription shares at the subscription price of HK\$0.69 per subscription share under the general mandate granted to the Directors (the "Subscription Shares B")(collectively, the "Subscription"). The aggregate of Subscription Shares A and Subscription Shares B amounts to 327,420,000 subscription shares (the "Subscription Shares").

The closing price as quoted on The Stock Exchange of Hong Kong Limited on 8 April 2025, being the date of the subscription agreements, was HK\$0.86 per share. The aggregate nominal value of the Subscription Shares is HK\$32,742,000.

Management Discussion and Analysis

The Directors consider that the Subscription will provide additional funding for the Company's business operation, and it shall also strengthen the capital base of the Company. The Directors are of the view that the Subscription is in the interests of the Company and the shareholders of the Company as a whole and the issue of the Subscription Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged.

The net proceeds from the Subscription after deducting related expenses payable by the Company was amounted to HK\$225.5 million and the net price is approximately HK\$0.69 per subscription share. The Subscription and the allotment and issue of total of 327,420,000 new ordinary shares was completed on 22 April 2025.

The Company intends to apply the net proceeds as to: (i) approximately HK\$80,000,000 for the development of the mining production line with production capacity of 450 tons of ores per day; (ii) approximately HK\$50,000,000 for conducting the mines drilling activities; (iii) approximately HK\$20,000,000 for the construction of dormitory and related facilities at the mining locations of the Group; (iv) approximately HK\$13,000,000 for green mining construction; and (v) the remaining proceeds for replenishing the working capital of the Group.

Further details of the Subscription are set out in the announcements of the Company dated 8 April 2025 and 22 April 2025.

Management Discussion and Analysis

In respect of the net proceeds of HK\$225.5 million raised from the Subscription. The following table summarizes the use of net proceeds from the Subscription for the Interim Period:

	Amount of net proceeds <i>HK\$ million</i>	Actual use of net proceeds during the Interim Period <i>HK\$ million</i>	Unused amount of net proceeds as at 30 June 2025 <i>HK\$ million</i>
(i) development of the mining production line with production capacity of 450 tons of ores per day (Note 1)	80	11	69
(ii) conducting the mines drilling activities (Note 2)	50	13	37
(iii) construction of dormitory and related facilities at the mining locations of the Group (Note 1)	20	7	13
(iv) green mining construction (Note 1)	13	4	9
(v) replenishing the working capital of the Group	62.5	13	49.5
Total	225.5	48	177.5

Notes:

1. The amount is expected to be utilised in the next 12 months from May 2025.
2. The amount is expected to be utilised in the next 24 months from May 2025.

PLEDGE OF ASSETS

As at 30 June 2025, the Group has pledged certain property, plant and equipment, right-of-use assets and other intangible assets with carrying amounts of approximately HK\$29,359,000, HK\$46,468,000 and HK\$101,945,000 (31 December 2024: HK\$76,781,000, HK\$46,427,000 and HK\$108,138,000) respectively to secure bank borrowings granted to the Group.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any contingent liabilities (31 December 2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

On 24 January 2025, the Group acquired the entire equity interests in Huasheng Construction Investment Limited, which was satisfied by the issue of convertible bond (principal amount equivalent to RMB30,000,000) of the Company. The details are set out in Note 22 to the condensed consolidated financial statements.

Saved as disclosed above, there were no material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the Interim Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 10 and 565 employees in Hong Kong and the People's Republic of China (the "PRC") respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$34,895,000 for the Interim Period (six months ended 30 June 2024: approximately HK\$21,369,000). There was a share-based payment of approximately HK\$2,344,000 arising from grant of share options for the Interim Period (six months ended 30 June 2024: HK\$Nil).

Directors' remuneration was fixed with reference to their duties and responsibilities with the Company as well as the Company's remuneration policy.

Management Discussion and Analysis

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees, performance bonus and share option scheme. The Group is also dedicated to providing training programs for new employees and regular trainings to employees to enhance their skills and know-how.

According to the share option scheme adopted by the Company on 6 June 2024, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

BUSINESS REVIEW

In the first half of 2025, global economic and political conditions remained unstable. The U.S. government introduced tariff-based trade policies, and rising concerns over its debt and fiscal deficit created uncertainty in financial markets. Amid this backdrop, gold emerged as a highly attractive safe-haven asset, offering stability and becoming a key support for capital markets. The Group proactively responded to these circumstances and efficiently managed production, resulting in strong performance and demonstrating strong resilience and competitiveness in a challenging global environment. In line with our long-term strategic vision, we are shifting our business strategy from diversification to focusing on high-return gold mining operations, further strengthening our market position. As a result, profit attributable to shareholders recorded a remarkable 273% growth when compared with last period reflecting the success of our strategic realignment.


Management Discussion and Analysis

In January 2025, we completed a vertical integration acquisition of Huasheng Construction Investment Limited that enhanced cost efficiency and reinforced safety management across our production line in Tongguan County. On 7 March 2025, we announced a horizontal acquisition of Wise Trend Investment Limited. This deal is expected to expand the Group's mineral reserves in Subei County and support its sustainable development strategy. As published in the announcement dated 2 June 2025, we entered into a Streaming Agreement with Zijin Metal Company Limited, opening new funding channels to support our business expansion in Subei County.

We continue to promote safe production, environmental protection, and community engagement. This includes providing a safe and healthy working environment, improving employee training, upgrading underground mining and processing equipment with automation, and developing 3D geological and equipment models. We also monitor waste treatment and pollution control measures and actively participate in community donations and events to support local development.

PROSPECTS

As of August 2025, gold prices remain near historic highs, supported by a weakening U.S. dollar, expectations of interest rate cuts, and growing risks of stagflation or economic recession. These macroeconomic factors, coupled with increasingly volatile geopolitical and geoeconomic conditions as mentioned before, have further solidified gold's role as a safe-haven asset. This has attracted sustained demand from both institutional investors and central banks, reinforcing the strategic importance of our core business. Given the favorable macro environment, our Group will continue to implement strategic measures to improve competitiveness and resource reserves. First, we are actively applying for exploration-to-mining licenses, especially in Tongguan County, to expand growth potential. Second, we speed up exploration to unlock the hidden value of mining areas located in favorable mineralization environments. Third, we continue to seek to acquire high-quality gold assets both locally and internationally to strengthen our mining portfolio.



Management Discussion and Analysis

External support has further validated the market's confidence in the Group's value and strategic direction. The capital injections from Zijin Metal Company Limited and strategic investors in April 2025, along with the signing of the aforementioned Streaming Agreement, further highlights the strong recognition of the Group's resource quality, regulatory compliance, and technical capabilities. The capital injection will be used in Subei County to develop the production line and increase its production capacity, expand drilling operations, and promote green mine development to unlock new growth opportunities and maximize long-term value. In addition, inclusion in the MSCI Global Small Cap Index this month would enhance the Group's visibility and appeal in international capital markets, helping to broaden its investor base and reinforce its reputation as a credible and investable enterprise.

Facing the changing macro environment, we will continue to stay agile and grow steadily, driving the Group's business toward a new stage of high-quality and sustainable development, laying a solid foundation for long-term value creation.

Report on Review of Condensed Consolidated Financial Statements

To the Board of Directors of Tongguan Gold Group Limited

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Tongguan Gold Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 19 to 67, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Report on Review of Condensed Consolidated Financial Statements

To the Board of Directors of Tongguan Gold Group Limited

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Wong Cho Yi

Practising Certificate Number: P07897

Hong Kong, 25 August 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	5	1,028,737	849,951
Cost of sales		(498,602)	(631,193)
Gross profit		530,135	218,758
Other income		3,103	2,298
Other net losses		(715)	(106)
Administrative and other expenses		(81,298)	(72,610)
Finance costs	6	(19,844)	(15,529)
Profit before tax	7	431,381	132,811
Income tax expense	8	(80,897)	(42,111)
Profit for the period		350,484	90,700
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes in equity investment at fair value through other comprehensive income		3,786	3,919
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		48,738	(15,486)
Other comprehensive income (expense) for the period		52,524	(11,567)
Total comprehensive income for the period		403,008	79,133

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Profit for the period attributable to:			
— Owners of the Company		342,643	91,956
— Non-controlling interests		7,841	(1,256)
		<u>350,484</u>	<u>90,700</u>
Total comprehensive income for the period attributable to:			
— Owners of the Company		391,015	82,269
— Non-controlling interests		11,993	(3,136)
		<u>403,008</u>	<u>79,133</u>
Earnings per share	10		
Basic		<u>HK8.17 cents</u>	<u>HK2.26 cents</u>
Diluted		<u>HK8.16 cents</u>	<u>HK2.26 cents</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	1,870,212	1,746,044
Right-of-use assets	11	67,434	49,868
Exploration and evaluation assets	11	1,338,931	1,308,636
Goodwill	11	780,085	752,017
Other intangible assets	11	251,964	257,175
Other financial asset	12	7,504	3,718
Interests in associates	13	2,688	–
Financial asset at fair value through profit or loss	14	34,887	–
Other receivable and deposit	15	17,107	14,039
		4,370,812	4,131,497
Current assets			
Inventories		135,717	188,015
Trade and other receivables, deposits and prepayments	15	257,495	101,863
Amounts due from associates	13	30,420	–
Cash and cash equivalents		780,349	172,329
		1,203,981	462,207
Current liabilities			
Other payables	16	651,628	484,595
Bank and other borrowings	17	534,711	498,199
Contract liabilities	19	89,211	114,237
Convertible bond	18	6,706	–
Contingent consideration payables	18	6,629	–
Lease liabilities		957	1,227
Tax payables		202,222	183,506
		1,492,064	1,281,764
Net current liabilities		(288,083)	(819,557)
Total assets less current liabilities		4,082,729	3,311,940

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

		30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
	Notes		
Non-current liabilities			
Bank and other borrowings	17	33,008	32,397
Other payables	16	249,783	306,287
Contract liabilities	19	192,452	–
Contingent consideration payables	18	19,891	–
Provision for restoration and environmental costs		17,675	16,282
Lease liabilities		1,270	1,754
Deferred tax liabilities		357,776	336,253
		<u>871,855</u>	<u>692,973</u>
Net assets		<u>3,210,874</u>	<u>2,618,967</u>
Capital and reserves			
Share capital	20	439,769	407,027
Share premium and reserves		2,607,038	2,073,724
		<u>3,046,807</u>	<u>2,480,751</u>
Equity attributable to owners of the Company		3,046,807	2,480,751
Non-controlling interests		164,067	138,216
		<u>3,210,874</u>	<u>2,618,967</u>
Total equity		<u>3,210,874</u>	<u>2,618,967</u>

On behalf of the board of directors on 25 August 2025

Yeung Kwok Kuen
Director

Shi Xingzhi
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	HK\$'000
At 1 January 2024 (audited)	407,027	1,416,337	29,280	287,496	(52,120)	(90,596)	319,067	2,316,491	2,461,419
Profit (loss) for the period	-	-	-	-	-	-	91,956	91,956	90,700
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	(13,606)	-	(13,606)	(15,496)
Fair value changes in equity investment at fair value through other comprehensive income	-	-	-	-	3,919	-	-	3,919	3,919
Other comprehensive income (expense) for the period	-	-	-	-	3,919	(13,606)	-	(9,687)	(11,567)
Total comprehensive income (expense) for the period	-	-	-	-	3,919	(13,606)	91,956	82,269	79,133
At 30 June 2024 (unaudited)	407,027	1,416,337	29,280	287,496	(48,201)	(104,202)	411,023	2,398,760	2,540,552

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	
At 1 January 2025 (audited)	407,027	1,416,337	29,280	287,496	(52,015)	-	(137,577)	530,203	2,480,751	2,618,967
Profit for the period	-	-	-	-	-	-	-	342,643	342,643	350,484
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	-	44,586	-	44,586	48,738
Fair value changes in equity investment at fair value through other comprehensive income	-	-	-	-	3,786	-	-	-	3,786	3,786
Other comprehensive income for the period	-	-	-	-	3,786	-	44,586	-	48,372	52,524
Total comprehensive income for the period	-	-	-	-	3,786	-	44,586	342,643	391,015	403,008
Issuance of shares net of transaction costs (Note 20)	32,742	192,727	-	-	-	-	-	225,469	-	225,469
Share options granted under share option schemes (Note 21)	-	-	-	-	-	2,344	-	2,344	-	2,344
Acquisition of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	13,858	13,858
Dividend declared (Note 9)	-	-	-	(52,772)	-	-	-	(52,772)	-	(52,772)
At 30 June 2025 (unaudited)	439,769	1,609,064	29,280	234,724	(48,229)	2,344	(92,991)	872,846	3,046,807	3,210,874

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net cash generated from operating activities	535,551	238,703
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(106,434)	(31,542)
Proceeds from disposals of property, plant and equipment	25	—
Payment for purchase of prepaid lease payments included in right-of-use assets	(18,692)	—
Increase in investment in associates	(2,721)	—
Advance to associates	(29,808)	—
Net increase in other payables for property, plant and equipment	69,467	343
Net cash arisen from acquisition of subsidiaries (Note 22)	18,699	—
Net (advance to) received from other receivables	(48,173)	29,628
Expenditure paid on exploration and evaluation assets	(22,909)	(7,900)
Advance to an independent third party	—	(14,105)
Interest received	1,303	1,788
Net cash used in investing activities	(139,243)	(21,788)
Cash flows from financing activities		
Repayments of bank and other borrowings	(500,294)	(424,778)
Payments of principal portion of lease liabilities	(754)	(588)
New bank and other borrowings raised	528,654	399,280
Proceeds from issuances of shares net of transaction costs	225,469	—
Interest paid on lease liabilities	(96)	(378)
Interest paid on bank and other borrowings	(14,294)	(10,336)
Repayment to related parties	(39,193)	(134,544)
Repayment of other borrowing included in other payables	—	(8,313)
Net cash generated from (used in) financing activities	199,492	(179,657)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net increase in cash and cash equivalents	595,800	37,258
Cash and cash equivalents at 1 January	172,329	157,887
Effect of exchange rate changes on cash and cash equivalents	12,220	(198)
Cash and cash equivalents at 30 June, represented by bank balances and cash	780,349	194,947

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of the amendments to HKFRS Accounting Standards (“HKFRSs”) which relevant to the Group and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s audited annual consolidated financial statements for the year ended 31 December 2024 (the “Annual Report 2024”).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

1. BASIS OF PREPARATION *(Continued)*

Basis of measurement and going concern assumption

The Group had net current liabilities of approximately HK\$288,083,000 at 30 June 2025.

Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company (“Directors”) have given careful consideration to the current and anticipated future liquidity needs of the Group and is satisfied that the loan facilities from the Group’s financial institutions for its working capital requirement for the next twelve months will be available as and when required, having regard to the following: (i) renewal of financing facilities and (ii) enhancing the Group’s operational efficiency and implementing cost control measures. The Group will actively negotiate with the financial institutions for the renewal of the Group’s borrowings when they fall due in order to secure necessary funds to meet the Group’s working capital and financial requirements in the foreseeable future. In the opinion of the Directors, the Group will be able to roll over or refinance the borrowings upon their maturity.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

2. PRINCIPAL ACCOUNTING POLICIES

Application of amendments to HKFRS Accounting Standards

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

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(a) Revenue from contracts with customers

Contract with significant financing components

When the contract contains a financing component which provides the Group with a significant benefit of financing for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method which reflect the time value of money taking into consideration the credit characteristics of the Group. The relevant interest expenses are accounted for on the same basis as borrowings costs.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRS Accounting Standards *(Continued)*

(a) Revenue from contracts with customers *(Continued)*

Contract with significant financing components (Continued)

Revenue is recognised when the control is transferred to the customers and the amount of revenue recognised is based on the actual quantities delivered during the reporting period relative to the total quantities specified in the Streaming Agreement (as stated in Note 3 to the condensed consolidated financial statements).

(b) Convertible bond

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of convertible bond is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of convertible bond are allocated to the debt and derivative component in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of convertible bond using the effective interest method.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRS Accounting Standards *(Continued)*

(c) *Financial liabilities at fair value through profit or loss (“FVTPL”)*

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

(d) *Financial asset at fair value through profit or loss (“FVTPL”)*

Financial asset at FVTPL represents derivative financial asset.

Derivative embedded in host contract is accounted for as separate derivative and recorded at fair value if its economic characteristics and risks are not closely related to those of the host contract and the host contract is not held for trading or designated as at FVTPL. This embedded derivative is measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

3. SIGNIFICANT EVENTS AND TRANSACTIONS

On 24 January 2025, the Company completed the acquisition of 100% equity interest of Huasheng Construction Investment Limited and its subsidiaries (collectively referred to as the “Huasheng Group”) settled by issuance of convertible bond. Details of the transaction are disclosed in Note 22 to the condensed consolidated financial statements.

On 2 June 2025, the Company entered into a precious metals purchase agreement with Zijin Metal Company Limited (the “Buyer”) (the “Streaming Agreement”), pursuant to which the Buyer will advance an upfront cash payment of US\$25,000,000 in respect of future delivery of refined gold produced from Subei County Holezadegai Northeast Mining Co., Ltd.’s gold mines located in Gansu Province under the specific delivery schedule up to 422kg over a period of nine years up to the end of 2033.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future.

During the current interim period, significant judgement and estimation have been made regarding fair value measurement of financial instruments, including redemption right under the Streaming Agreement classified as a derivative under financial asset at FVTPL, convertible bond and contingent consideration payables, and net assets acquired in regard of the acquisition of Huasheng Group. Other than above, in preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were similar to those that applied to the Group’s Annual Report 2024. In addition, management makes assumptions about the future in deriving critical accounting estimates used in preparing the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE AND SEGMENT REPORTING

Information is reported internally to the board of directors of the Company (the “Board”), being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions.

For the gold mining operation, the information reported to the CODM is further categorised into different mining locations within the People’s Republic of China (the “PRC”), each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, the CODM considered that the operations of different mining locations are related to the mine-produced gold business, these individual operating segments have been aggregated into a single reportable segment.

Accordingly, the Board reviews the business with the following reportable segments:

1. Gold mining operation – sale of mine-produced gold, including gold concentrate, gold bullion and related products, which contains of gold exploration, mining, processing and/or smelting operations in the PRC
2. Gold recycling – purchasing of gold related materials, refining and sale of gold bullion in the PRC

The above segments have been identified on the basis of internal management reports prepared and regularly reviewed by the Board when making decisions about allocating resources and assessing performance of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE AND SEGMENT REPORTING (Continued)

The segment results represent the gross profit earned by each segment (segment revenue less segment cost of sales). Other income, other net losses, administrative and other expenses, finance costs and income tax expense are not allocated to each reportable segment. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

The information of segment results is as follows:

For the six months ended 30 June 2025

	Gold mining operation HK\$'000 (Unaudited)	Gold recycling HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	1,028,737	–	1,028,737
Cost of sales	(498,602)	–	(498,602)
Segment results	530,135	–	530,135

For the six months ended 30 June 2024

	Gold mining operation HK\$'000 (Unaudited)	Gold recycling HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	644,847	205,104	849,951
Cost of sales	(426,242)	(204,951)	(631,193)
Segment results	218,605	153	218,758

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE AND SEGMENT REPORTING (Continued)

The reportable segment results are reconciled to profit for the period of the Group as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Reportable segment results</i>	530,135	218,758
Unallocated income and expenses:		
Other income	3,103	2,298
Other net losses	(715)	(106)
Administrative and other expenses	(81,298)	(72,610)
Finance costs	(19,844)	(15,529)
Profit before tax	431,381	132,811
Income tax expense	(80,897)	(42,111)
Profit for the period	350,484	90,700

The Group recognises revenue on sale of gold products at a point in time when control of the goods has transferred, being when the goods are delivered to the customers in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transportation and other related activities that occur before customers obtain control of the related goods are considered as fulfilment activities. Except for the unsatisfied obligation under the Streaming Agreement as stated below, there is no other unsatisfied performance obligation at the end of each of the reporting periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE AND SEGMENT REPORTING (Continued)

Under the Streaming Agreement, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligation as at 30 June 2025 is as follows:

	As at	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Within one year	29,832	—
More than one year	192,452	—
	<u>222,284</u>	<u>—</u>

As no discrete information in respect of segment assets, segment liabilities and other information is used for the assessment of performance and allocation of resources, thus no analysis of segment assets and segment liabilities is presented.

Geographical information

No geographical analysis is presented as the Group's revenue and profit from operations were primarily derived from operating activities in the PRC.

Information about major customers

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Customer A	647,295	252,941
Customer B	159,006	370,007
Customer C	117,688	N/A (Note)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

5. REVENUE AND SEGMENT REPORTING (Continued)

Information about major customers (Continued)

Included in revenue, consist of a approximately HK\$86,377,000 for the six months period ended 30 June 2024 (for the six months ended 30 June 2025 contributed of less than 10% of total revenue of the Group) is derived from selling gold bullion in a trading platform of Shanghai Gold Exchange through a member registered in Shangha Gold Exchange, and approximately HK\$9,664,000 releasing from contract liabilities under the Streaming Agreement for the six months period ended 30 June 2025 (for the six months ended 30 June 2024: HK\$Nil).

Note: The corresponding revenue for the six months ended 30 June 2024 for Customer C contributed of less than 10% of total revenue of the Group.

6. FINANCE COSTS

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest on bank and other borrowings	15,287	11,951
Interest expenses on lease liabilities	96	378
Interest on promissory note payable at amortised cost	3,503	3,200
Interest expense on contract liabilities under the Streaming Agreement (Note 19)	882	–
Interest expense on convertible bond (Note 18)	76	–
	<u>19,844</u>	<u>15,529</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Directors' emoluments	2,597	1,317
Other staff's salaries, bonus and allowances	29,922	18,355
Other staff's contribution to retirement benefits schemes	2,376	1,697
Total staff costs	34,895	21,369
Amortisation of other intangible assets	9,002	10,723
Cost of sales comprise of:		
— Cost of inventories recognised as an expense (Note (a))	417,563	573,294
— Taxes and surcharges (Note (b))	81,039	57,899
Depreciation charges		
— property, plant and equipment	51,832	40,895
— right-of-use assets	2,208	1,271

Notes:

- (a) Costs of inventories recognised as an expense mainly include mining extraction costs and mining ore processing costs of approximately HK\$349,187,000 (six months ended 30 June 2024: approximately HK\$301,852,000), transportation cost of approximately HK\$2,218,000 (six months ended 30 June 2024: approximately HK\$1,721,000), amortisation and depreciation charges of approximately HK\$55,799,000 (six months ended 30 June 2024: approximately HK\$45,852,000) and purchase cost of gold related materials of HK\$Nil (six months ended 30 June 2024: approximately HK\$204,845,000).
- (b) Taxes and surcharges mainly include resource tax of approximately HK\$27,603,000 (six months ended 30 June 2024: approximately HK\$19,010,000) and forest and grassland compensation fee of approximately HK\$43,595,000 (six months ended 30 June 2024: approximately HK\$30,302,000), both of which are calculated based on revenue in accordance with relevant regulations.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2025 and 30 June 2024.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax (“EIT”) rate of the PRC subsidiaries is 25%.

Pursuant to the Notice of the Ministry of Finance, 財政部國家稅務總局海關總署關於深入實施西部大開發戰略有關稅收政策問題的通知(財稅[2011]58號)(transliterated as General Administration of Customs and the State Administration of Taxation on the Issues of Preferential Taxation Policies for Further Implementing the Western Development Strategy (Cai Shui [2011] No. 58)*), from 1 January 2011, the enterprises in the western region, which engaged in encouraged industries as indicated in the 西部地區鼓勵類產業目錄(transliterated as Catalogue of Encouraged Industries of Western Region*) and 產業結構調整指導目錄(2011年本)(修正)(transliterated as Catalogue of Industrial Structure Adjustment Guidance (2011 Revised*)) (國家發改委令2013年第21號)(transliterated as National Development and Reform Commission Order 2013 No. 21*) and which derive 70% of their operating income from the encouraged industries could apply for a tax incentive. After getting in-charge tax bureau’s approval, certain subsidiaries of the Group could enjoy a reduced EIT rate of 15% from statutory EIT rate of 25% up to 2030.

On 28 October 2024, Subei County Holezadegai Northeast Mining Co., Ltd was approved by Gansu Provincial Department of Science and Technology as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 1 January 2025.

* The English translation of the names are for reference only.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

8. INCOME TAX EXPENSE (Continued)

Income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current tax — PRC EIT:		
— Provision for the period	70,790	30,779
— Underprovision in prior year	357	299
	71,147	31,078
Deferred tax	9,750	11,033
	80,897	42,111

9. DIVIDEND

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
2024 Final dividend of HK1.2 cents per ordinary share	52,772	—

No dividend was paid for ordinary shareholders of the Company for the six months ended 30 June 2025, nor has any dividend been proposed for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

10. EARNINGS PER SHARE

(a) Basic Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$342,643,000 (six months ended 30 June 2024: approximately HK\$91,956,000) and the weighted average number of ordinary shares of approximately 4,196,203,000 in issue during the six months ended 30 June 2025 (six months ended 30 June 2024: approximately 4,070,272,000).

(b) Diluted Earnings per share

The calculation of the diluted earnings per share attributable to owners of the Company for the six months period ended 30 June 2025 is based on the following data:

	30 June 2025 HK\$'000 (Unaudited)
Profit attributable to owners of the Company	342,643
Adjustments for interest on convertible bond	76
	<hr/>
Profit attributable to owners of the Company for diluted earnings per share	342,719

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

10. EARNINGS PER SHARE (Continued)

(b) Diluted Earnings per share (Continued)

	Number of shares '000
Weighted average number of ordinary shares in issue	4,196,203
Effect of dilutive potential ordinary shares on convertible bond	<u>5,209</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>4,201,412</u>
	HK Cents
Diluted earnings per share	<u>8.16</u>

During the six months period ended 30 June 2025, the dilutive potential ordinary shares include conversion of convertible bond outstanding as at 30 June 2025, while the conditions in regard for contingent consideration payables and shares options have not been met as at 30 June 2025, the potential issuable ordinary shares were not included in the calculation of diluted earnings per share during the six months period ended 30 June 2025.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

11. CAPITAL EXPENDITURE

	Right-of use assets HK\$'000	Property, plant and equipment HK\$'000	Exploration and evaluation assets HK\$'000	Goodwill HK\$'000	Other intangible assets HK\$'000
Cost					
At 1 January 2025 (audited)	67,219	2,046,707	1,308,636	799,139	392,587
Exchange adjustments	1,185	35,954	20,471	12,473	6,071
Additions	18,692	106,434	22,909	-	-
Transfer	-	13,085	(13,085)	-	-
Acquisition of subsidiaries (Note 22)	-	27,984	-	16,324	-
Written off	(12,667)	-	-	-	-
Disposals	-	(25,110)	-	-	-
	<u>74,429</u>	<u>2,205,054</u>	<u>1,338,931</u>	<u>827,936</u>	<u>398,658</u>
At 30 June 2025 (unaudited)	74,429	2,205,054	1,338,931	827,936	398,658
Accumulated depreciation, amortisation and impairment					
At 1 January 2025 (audited)	17,351	300,663	-	47,122	135,412
Exchange adjustments	103	6,012	-	729	2,280
Charge for the period	2,208	51,832	-	-	9,002
Written off	(12,667)	-	-	-	-
Eliminated on disposals	-	(23,665)	-	-	-
	<u>6,995</u>	<u>334,842</u>	<u>-</u>	<u>47,851</u>	<u>146,694</u>
At 30 June 2025 (unaudited)	6,995	334,842	-	47,851	146,694
Carrying amounts					
At 30 June 2025 (unaudited)	<u>67,434</u>	<u>1,870,212</u>	<u>1,338,931</u>	<u>780,085</u>	<u>251,964</u>
At 31 December 2024 (audited)	49,868	1,746,044	1,308,636	752,017	257,175

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

12. OTHER FINANCIAL ASSET

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Equity investment listed in overseas stock exchange		
— as financial asset measured at fair value through other comprehensive income (“FVOCI”)	7,504	3,718

The equity investment was irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature. The fair value of listed equity securities is determined by quoted market bid price multiplied by the quantity of shares held by the Group.

13. INTERESTS IN ASSOCIATES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Share of net assets	5,934	3,212
Less: impairment loss	(3,246)	(3,212)
	2,688	—
Amounts due from associates*	32,066	1,620
Less: loss allowance	(1,646)	(1,620)
	30,420	—

* The amounts are non-trade in nature, and are unsecured, interest free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

13. INTERESTS IN ASSOCIATES (Continued)

Movement in loss allowance on amounts due from associates:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
At 1 January	1,620	3
Impairment loss recognised	–	1,625
Exchange adjustments	26	(8)
At 30 June/31 December	1,646	1,620

Details of the Group's associates are as follows:

Name	Place of incorporation, operation and principal activities	Percentage of ownership interests
Shaanxi Tongguan Siu Qin Ling Gold Mining Country Park Limited (陝西潼關小秦嶺金礦國家礦山公園有限公司) (Note (b))	Manufacturing of arts and crafts and park management in the PRC (Note (a))	30%
Jiuquan Jiateng Mining Co., Ltd (酒泉市嘉騰礦業有限公司) (Note (b))	Mining and exploration in the PRC	34%
Shannxi Wanzhong Ruiju Property Company (陝西萬眾睿居置業有限公司) (Note (b))	Property development in the PRC	49%
Shannxi Wanzhong Jingcheng Mining Co., Ltd (陝西萬眾景呈礦業有限公司) (Note (b)) (Incorporated on 15 April 2025)	Mining and exploration in the PRC	34%

Notes:

- (a) The primary business of Shaanxi Tongguan Siu Qin Ling Gold Mining Country Park Limited is manufacturing of arts and crafts and park management of Siu Qin Ling Gold Mining Country Park.
- (b) The above companies are limited liability company established in the PRC. The English translation of the company name is for reference only.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

13. INTERESTS IN ASSOCIATES (Continued)

In the opinion of Directors, the above associates are not material to the Group and the summarised financial information is set out below.

Six months ended 30 June	
2025	2024
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
Loss for the period	—
Other comprehensive expense	(77)
Total comprehensive expense	(77)

14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company has an option to repurchase any undelivered refined gold on the later of 31 December 2030 or after 330.1kg of refined gold has been delivered under the Streaming Agreement. At initial recognition, the fair value of the Company's redemption right under the Streaming Agreement, which is classified as derivative under financial asset at fair value through profit or loss, is determined by an independent professional valuer based on binomial option pricing model.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables (<i>Note (a)</i>)	40,584	—
Less: loss allowance	—	—
	<u>40,584</u>	<u>—</u>
Other receivables (<i>Notes (c) & (d)</i>)	125,978	67,408
Loan receivable (<i>Note (e)</i>)	14,256	14,039
Less: loss allowance (<i>Note (b)</i>)	(9,377)	(9,242)
	<u>130,857</u>	<u>72,205</u>
Deposits and prepayments	102,464	43,274
Value added tax recoverable	697	423
	<u>274,602</u>	<u>115,902</u>
Analysed for reporting purposes as:		
— current portion	257,495	101,863
— non-current portion	17,107	14,039
	<u>274,602</u>	<u>115,902</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT (Continued)

Notes:

- (a) The following is an aged analysis of trade receivables net of allowance for impairment losses under expected credit loss model presented based on invoice dates/date of delivery of goods:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 30 days	40,584	–

- (b) Movement in impairment loss allowance under expected credit loss model on other receivables:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
At 1 January	9,242	490
Impairment loss recognised	–	8,795
Exchange adjustments	135	(43)
At 30 June/31 December	9,377	9,242

- (c) As at the end of 30 June 2025, the gross carrying amount of other receivables amounted to approximately HK\$31,540,000 (31 December 2024: approximately HK\$31,034,000) are secured by properties pledged as collateral.

For the six months period ended 30 June 2025, no impairment loss (for the year ended 31 December 2024: approximately HK\$8,795,000) was recognised, reflecting the excess of the carrying amount of the relevant other receivables over the fair value of the collateral properties, less estimated selling costs.

Management continues to monitor market conditions and reviews the adequacy of the impairment provision on an ongoing basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT (Continued)

Notes: (Continued)

- (d) As at 30 June 2025, approximately HK\$75,896,000 (31 December 2024: approximately HK\$31,413,000) included in other receivables representing the cooperation receivables from independent third parties under their respective cooperation agreements for the future exploration of the Group's resources under different exploration sites.
- (e) As at 30 June 2025, approximately HK\$14,256,000 (31 December 2024: approximately HK\$14,039,000) representing the loan granted to an independent third party, which carried at fixed interest rate of 5.4% per annum, secured by a part of rights of return generated from the mining asset constructed by the debtor and repayable on 30 May 2027.

16. OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Other payables and accruals (Note (a))	555,158	461,711
Amounts due to related parties (Note (b))	214,268	253,461
Dividend payables	52,772	—
Promissory note payable (Note (c))	79,213	75,710
	901,411	790,882
Analysed for reporting purposes as:		
— current portion	651,628	484,595
— non-current portion	249,783	306,287
	901,411	790,882

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

16. OTHER PAYABLES (Continued)

Notes:

- (a) Included in other payables were mainly payables to subcontractors of approximately HK\$347,987,000 at 30 June 2025 (31 December 2024: approximately HK\$310,787,000) for mining extraction and construction.
- (b) The amounts are due to certain beneficial owners of the shareholders of the Company and are non-trade in nature, unsecured and interest-free. As at 30 June 2025, approximately HK\$25,000,000 is repayable within one year and the remaining balances are repayable after one year at the end of reporting period (31 December 2024: all balances are repayable after one year).
- (c) Promissory note payable carried at zero interest rate, unsecured and repayable on 9 October 2025. It is measured at amortised cost at effective interest rate of 9.08% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

17. BANK AND OTHER BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Current		
Unsecured other borrowing (Note (a))	17,116	104,035
Unsecured bank borrowings (Notes (b) and (c))	111,853	78,833
Secured bank borrowings (Notes (b), (c) and (d))	372,844	315,331
Bill payables (Note (e))	186,422	21,598
Less: cash deposits (Note (e))	(153,524)	(21,598)
	534,711	498,199
Non-current		
Unsecured bank borrowings (Notes (b) and (c))	18,752	18,358
Secured bank borrowings (Notes (b), (c) and (d))	14,256	14,039
	33,008	32,397
Bank and other borrowings repayable*:		
Within one year	534,711	498,199
More than one year		
but not more than two years	22,042	9,719
More than two years		
but not more than five years	10,966	22,678
	567,719	530,596

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

17. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) The effective interest rate of the other borrowing was 3.28% per annum.
- (b) The effective interest rates on the Group's bank borrowings included the variable market rates which are ranged from loan prime rate ("LPR") +1% to LPR+1.95% (31 December 2024: LPR+0.85% to LPR+2.60%) per annum.
- (c) Guarantees from the Group's subsidiaries, related parties and independent third parties were given to banks for the bank borrowings.
- (d) The secured bank borrowings are secured by other intangible assets, right-of-use assets, property, plant and equipment, certain unlisted equity investments of the Group's subsidiaries and properties of the related parties and independent third parties, and bill payables are secured by right-of-use assets, property, plant and equipment and properties of independent third parties.
- (e) Subsidiaries of the Group are required to maintain cash on deposit of approximately HK\$153,524,000 (31 December 2024: approximately HK\$21,598,000) in respect of bill payables. The cash cannot be withdrawn or used by the company whilst the bill payables are outstanding. Upon maturity of the bill payables, the subsidiaries of the Group and the lenders have contractual right to offset and intend to settle in net. As a result, partial of bill payables have been presented net of the cash on deposit.

18. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

Upon completion of the acquisition of Huasheng Group (Note 22) on 24 January 2025 (the "Issue Date"), the Company issued convertible bond with an aggregate principal amount of RMB30,000,000 (equivalent to HK\$33,000,000) (the "Convertible Bond") for settlement of the Consideration (defined in Note 22), subject to the consideration adjustment mechanism as stated in Note 22.

The Convertible Bond is denominated in RMB (translated at a fixed exchange rate of RMB1 per HK\$1.1), unsecured, carried at zero coupon rate per annum and matured on 24 January 2030 (the "Maturity Date"). The Convertible Bond is convertible at the option of the bondholder into a maximum of 30,000,000 ordinary shares of the Company ("Conversion Right") at a conversion price of RMB1 (equivalent to HK\$1.1) per Conversion Right up to 30 days after the Maturity Date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

18. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

(Continued)

The bondholder has the right to convert up to RMB6,000,000 of the Convertible Bond (or equivalent to 6,000,000 Conversion Rights) for each 12-month period during the Guaranteed Period (as defined in Note 22), contingent upon the achievement of specified performance targets as detailed in Note 22. Upon meeting the performance target, the relevant portion of Convertible Bond will be reclassified from contingent consideration payables to convertible bond in the condensed consolidated financial statements.

Convertible bond

At the Issue Date, as Annual Target (as disclosed in Note 22) has been achieved, principal amount of RMB6,000,000 (equivalent to HK\$6,600,000) of the Convertible Bond has been classified as convertible bond and measured at fair value. The relevant conversion right will commence from 12 months after the Issue Date and continue until 30 days after the Maturity Date.

The relevant convertible bond consists of a liability component of approximately HK\$5,495,000 based on the present value of the redemption amount at the Maturity Date and a conversion option classified as a derivative of approximately HK\$1,135,000 as at the initial recognition date.

The liability portion is subsequently measured at amortised cost with an effective interest rate as 3.35% per annum. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

18. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

(Continued)

Convertible bond (Continued)

Unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the Convertible Bond by cash at the option of the bondholder on the Maturity Date.

The movement of convertible bond for the six months period ended 30 June 2025 are set out as below:

	Liability component HK\$'000	Derivative component HK\$'000	Total HK\$'000
At 1 January 2025 (audited)	–	–	–
Acquisition of subsidiaries (Note 22)	5,495	1,135	6,630
Interest expense on convertible bond (Note 6)	76	–	76
At 30 June 2025 (unaudited)	5,571	1,135	6,706

The fair value of derivative component of convertible bond at initial recognition was determined by an independent professional valuer based on the binomial option pricing model and was classified as level 3 of the fair value hierarchy. The key inputs used in the model are as follow:

Conversion period start date	24 January 2026
Time to maturity	5 Years
Expected volatility	69%
Risk-free rate	1.46%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

18. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

(Continued)

Contingent consideration payables

HK\$'000

At 1 January 2025 (audited)	—
Acquisition of subsidiaries (Note 22)	26,520
	<hr/>
At 30 June 2025 (unaudited)	26,520
	<hr/>
Analysed as:	
Current	6,629
Non-current	19,891
	<hr/>
	26,520
	<hr/>

At the Issue Date, the remaining principal amount of RMB24,000,000 of the Convertible Bond is classified as contingent consideration payables due to contingency upon satisfactory of the future financial performance of Xi'an Hongshang (as defined in Note 22) during the remaining Guaranteed Period.

The fair value of the contingent consideration payables is based on the discounted cash flow approach, incorporating significant assumptions such as the projected financial performance of Xi'an Hongshang by adopted probability scenario analysis. The fair value of the Convertible Bond which is determined under the binomial option pricing model. This is classified as level 3 in the fair value measurement hierarchy.

As of the date of initial recognition, the fair value of contingent consideration payables were recognised as approximately HK\$26,520,000 which were determined by the management and the independent professional valuer.

There have been no significant changes in the assumptions affecting the fair value as of the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

19. CONTRACT LIABILITIES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Balance as at 1 January 2025/2024	114,237	11,989
Decrease in contract liabilities as a result of recognising revenue during the current period that was included in the contract liabilities at the beginning of the year	(112,469)	(11,989)
Decrease in contract liabilities as a result of recognising revenue under the Streaming Agreement (Note 5)	(9,664)	–
Increase in contract liabilities as a result of receipt of advance payments under the Streaming Agreement	196,182	–
Increase in contract liabilities as a result of recognition of redemption right under the Streaming Agreement (Note 14)	34,887	–
Increase in contract liabilities as a result of amortisation of interest expense under the Streaming Transaction (Note 6)	882	–
Increase in contract liabilities as a result of receipt in advance of sales of gold products not yet delivered at period end	57,608	114,237
Balance at 30 June 2025/31 December 2024	281,663	114,237
Analysis by:		
Current	89,211	114,237
Non-current	192,452	–
	281,663	114,237

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

20. SHARE CAPITAL

	Number of ordinary shares at HK\$0.1 each '000	HK\$'000
Authorised:		
At 1 January 2024 (audited), 30 June 2024 (unaudited), 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	46,223,810	4,622,381
Issued and fully paid:		
At 1 January 2024 (audited) and 30 June 2024 (unaudited), 31 December 2024 (audited) and 1 January 2025 (audited)	4,070,272	407,027
Issuance of shares (<i>Note</i>)	327,420	32,742
At 30 June 2025 (unaudited)	4,397,692	439,769

All the shares rank pari passu with the other shares in all respects.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

20. SHARE CAPITAL (Continued)

Note: On 22 April 2025 ("Completion"), the Company and independent third parties entered into a subscription agreements pursuant to which the Company has conditionally agreed to issue an aggregate of 159,420,000 subscription shares to Subscriber A at a price of HK\$0.69 per shares (the "Subscription A") and an aggregate of 168,000,000 subscription shares at a price of HK \$0.69 per shares to Subscriber B (the "Subscription B").

The total number of Subscription A is 159,420,000 shares, which represents approximately 3.92% of the existing total number of issued shares and approximately 3.63% of the enlarged total number of issued shares immediately following the Completion. The total number of Subscription B is 168,000,000 shares, which represents approximately 4.13% of the existing total number of issued shares and approximately 3.82% of the enlarged total number of issued shares immediately following the Completion.

The net proceeds from the subscription of shares (after deduction of relevant expenses) are approximately HK\$225,469,000.

21. SHARE OPTION SCHEME

New Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 30 May 2024 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 31 May 2034.

On 30 May 2025, an aggregate 81,540,000 share options were granted to 185 employees and 7 directors of the Group. The fair values of the options determined at the dates of grant were approximately HK\$97,184,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

21. SHARE OPTION SCHEME (Continued)

New Share Option Scheme (Continued)

The table below discloses movement of the New Share Option Scheme:

	Number of share options
Outstanding as at 1 January 2025 (audited)	–
Granted during the six months period	<u>81,540,000</u>
Outstanding as at 30 June 2025 (unaudited)	<u>81,540,000</u>

The closing price of the Company's shares immediately before the date of grant, was HK\$1.92.

The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The following assumptions were used to calculate the fair values of share option:

Date of grant	30 May 2025
Exercise price	HK\$1.92
Expected life	10 Years
Expected volatility	64.91%
Risk-free interest rate	<u>3.21%</u>

The expected volatility is based on the historical volatility. Change in the assumption could materially affect the fair value estimate.

There was a share-based payment expense of approximately HK\$2,344,000 recognised as administrative and other expenses for the six months period ended 30 June 2025 (six months ended 30 June 2024: HK\$Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

21. SHARE OPTION SCHEME *(Continued)*

New Share Option Scheme *(Continued)*

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

22. ACQUISITION OF SUBSIDIARIES

The acquisition of the subsidiary is determined to be business combinations, and optional centration test is not elected.

On 27 September 2024, the Company entered into a sales and purchase agreement (“Agreement”) to acquire 100% equity interest in Huasheng Group, which holds 60% equity interest in Xi’an Hongshang Mining Engineering Co., Ltd. (“Xi’an Hongshang”) (西安宏尚礦山工程有限公司) from an independent third party (the “Vendor”) at a total consideration of RMB30,000,000 (equivalent to HK\$33,000,000) (“Consideration”), subject to adjustments (Note) related to financial performance of Xi’an Hongshang during the five years ending 31 December 2028 (i.e. from 1 January 2024 to 31 December 2028) (the “Guarantee Period”). The transaction was completed on 24 January 2025 (“Acquisition Date”), with Consideration was settled by issuance of the Convertible Bond. Huasheng Group is principally engaged in mine engineering and construction. The acquisition has been accounted for as acquisition business using the acquisition method.

The Group has elected to measure the non-controlling interests in Huasheng Group based on their proportionate share of fair values of identifiable net assets at the Acquisition Date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

22. ACQUISITION OF SUBSIDIARIES (Continued)

Consideration transferred (Note)

HK\$'000

Contingent consideration payables (Note 18)	26,520
Convertible bond (Note 18)	6,630
	<hr/>
	33,150

The fair value of the identifiable assets acquired and liabilities assumed as at Acquisition Date:

HK\$'000

Property, plant and equipment	27,984
Inventories	736
Other receivables, deposits and prepayments	38,783
Cash and cash equivalents	18,699
Other payables	(48,779)
Tax payables	(1,555)
Deferred tax liabilities	(5,184)
	<hr/>
Net assets acquired	30,684

Note:

At the Acquisition Date, the fair value of the consideration transferred representing the fair value of the Convertible Bond, which is contingent upon achieving performance targets during the Guarantee Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

22. ACQUISITION OF SUBSIDIARIES *(Continued)*

Consideration and adjustment mechanism

(a) Annual target

Pursuant to the Agreement, the bondholder (i.e. the Vendor) may convert up to RMB6,000,000 (equivalent to HK\$6,600,000) of the Convertible Bond for each 12-month period during the Guaranteed Period, upon the excavation amount and net profits under Xi'an Hongshang's annual financial statements prepared under HKFRS Accounting Standards achieve RMB150,000,000 and RMB10,000,000 respectively. If Xi'an Hongshang's annual financial performance fails to meet annual targets, the amount of the Convertible Bond eligible for conversion during the relevant 12-month period will be reduced in proportion to the shortfall as set out in the Agreement.

(b) Total target

At the end of the Guarantee Period, if total actual excavation amount and total net profit of Xi'an Hongshang meet or exceed RMB750,000,000 and RMB50,000,000 respectively, all of the remaining unconverted portion of the Convertible Bond will be eligible for conversion. Conversely, if these performance targets are not met, the Consideration will be adjusted in proportion to the shortfall ("Adjusted Consideration"). The remaining Convertible Bond exercisable will be the difference between the Adjusted Consideration and the converted principal amount. If the difference is negative, the Vendor shall compensate the Company for the shortfall in cash.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

22. ACQUISITION OF SUBSIDIARIES (Continued)

Goodwill arising on acquisition:

HK\$'000

Consideration transferred	33,150
Non-controlling interest	13,858
Less: recognised amounts of net assets acquired	<u>(30,684)</u>
Goodwill arising on acquisition	<u>16,324</u>

Goodwill arising on the acquisition was determined based on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer to carry out a valuation on the fair value of the net identifiable assets acquired as at date of acquisition. The fair value of the identified net assets acquired was estimated by applying a combination of depreciated replacement cost method and market approach. The key assumptions used in determining the fair value were discount rate of 17.1% and long-term sustainable growth rate of 2.0%.

Goodwill arose on the acquisition because the acquisition included the assembled workforce as at the date of the acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition

HK\$'000

Cash and cash equivalents balances acquired	<u>18,699</u>
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Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

22. ACQUISITION OF SUBSIDIARIES (Continued)

Impact of acquisition on the results of the Group

Included in the profit for the six months period ended 30 June 2025 is profit of approximately HK\$7,930,000 arising from Huasheng Group and netting off with the elimination of the unrealised profit of approximately of HK\$15,249,000 generated from transaction with the Huasheng Group. No revenue contributed by Huasheng Group after eliminating inter-company transactions with the Group for the six months period ended 30 June 2025 since the date of acquisition.

Had the acquisition of Huasheng Group been completed on 1 January 2025, revenue for the six months period ended 30 June 2025 of the Group would have been approximately HK\$1,028,737,000, and profit for the six months period ended 30 June 2025 would have been approximately HK\$353,124,000 after elimination of inter-company transactions between Huasheng Group and the Group. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Huasheng Group been acquired at the beginning of the current interim period, the Directors calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) to active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than those quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)

Financial instruments	Fair values as at			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)	Fair value hierarchy			
Other financial asset	HK\$7,504	HK\$3,718	Level 1	Quoted market bid price in an active market	N/A	N/A
Financial asset at FVTPL	HK\$34,887	Nil	Level 3	Binomial Option Pricing Model	Expected volatility	The higher the expected volatility, the higher the fair value.
Derivative component of convertible bond	HK\$1,135	Nil	Level 3	Binomial Option Pricing Model	Expected volatility	The higher the expected volatility, the higher the fair value.
Contingent consideration payables	HK\$26,520	Nil	Level 3	Probability scenario analysis	Probability of achievement of performance target Discount rate	The higher the probability of achievement, the higher the fair value. The lower the discount rate, the higher the fair value.

There were no transfers between Level 1 and 2 during the period. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

24. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in respect of the acquisition of:

– Property, plant and equipment

30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
177,766	19,229



Corporate Governance

The Company is committed to comply with its established best practice in corporate governance and are based on the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with the code provisions (“Code Provision(s)”) of the CG Code as set out in Appendix C1 of the Listing Rules during the six months ended 30 June 2025, except for below deviation as specified and explained below with considered reasons and explanation for such deviation.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Chairman of the Group is responsible for leading the Board to ensure that it operates effectively and performs its duties, while chief executive officer of the Group is responsible for the overall implementation of the Group’s business development and general management. The Company currently has no chief executive officer (the “CEO”) following the resignation of Mr. Wang Hui on 1 June 2016. Until the appointment of the new CEO, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

The Board will continue to regularly review and monitor the Company’s corporate governance practices to ensure compliance with the relevant provisions under the Listing Rules and to maintain a high standard of corporate governance practices of the Company.

Corporate Governance

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules. Upon specific enquiries, all Directors confirmed they had complied with the required standards set out in the Model Code during the six months ended 30 June 2025.

BOARD OF DIRECTORS

The Board is responsible for the formulation of the Group’s business strategies and management objective, supervision of the management and evaluation of the effectiveness of management strategies. Implementation of strategies and day-to-day operations are delegated to the management. In order to better understand the respective accountabilities and contributions of the Board and management, the Company has adopted written terms of reference specifying a schedule of matters which should be reserved to the Board and which should be delegated to management.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors. They are responsible for ensuring the quality and integrity of internal control, conducting review of the Group’s accounting principles and practices, risk management and the Group’s interim and annual accounts.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two executive Directors and three independent non-executive Directors. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy, remuneration packages for the Directors and members of the senior management and on the establishment of a formal and transparent process for approving such remuneration policy.

NOMINATION COMMITTEE

The Nomination Committee comprises one executive Director and three independent non-executive Directors. The principal responsibilities of the Nomination Committee are to lead the process for the appointments of the member of the Board, and to identify and nominate suitable candidates for appointment to the Board and make recommendations to the Board.

Disclosure of Interests and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2025, the interests or short positions of the directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required 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 adopted by the Company were as follow:

Interests in underlying shares of the Company — share options

Name of Directors	Number of share options	% of total issued ordinary shares of the Company
Shi Xingzhi	1,360,000	0.03%
Shi Shengli	1,360,000	0.03%
Yeung Kwok Kuen	1,360,000	0.03%
Feng Fangqing	1,360,000	0.03%
Chu Kang Nam	370,000	0.01%
Liang Xushu	370,000	0.01%
Leung Ka Wo	370,000	0.01%

Saved as disclosed above, as at 30 June 2025, none of the directors and chief executives of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required 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.

Disclosure of Interests and Other Information

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in “Share Scheme – Share Option Scheme” below, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 30 June 2025, persons (other than directors or chief executives of the Company as disclosed herein) who had interests or short positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name of Shareholders	Capacity	Class of shares of the Company	Number of shares held	% of total issued share capital of the relevant class of shares (Note 1)
Jiang Wei	Interest in controlled corporation	Ordinary	1,186,334,000 (Note 2)	26.98%
Lin Eddie Chang	Interest in controlled corporation	Ordinary	600,000,000 (Note 3)	13.64%
Lam Yuk Ying	Beneficial owner	Ordinary	330,000,000	7.50%

Disclosure of Interests and Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(Continued)

Long position in shares of the Company *(Continued)*

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2025, which were 4,397,692,221.
2. These ordinary shares are held by Qinlong Jinxin Mining Investment Limited which is 63.34% beneficially owned by Ms. Jiang Wei and 36.66% beneficially owned by Ms. Lo Ting.
3. These ordinary shares are held by Fung Wai Enterprises Ltd. which is 100% beneficially owned by Mr. Lin Eddie Chang.

Saved as disclosed above, the Company had not been notified of any interests or short positions in the shares and underlying shares of equity derivatives of the Company as required to be recorded in the register under section 336 of the SFO as at 30 June 2025.

SHARE SCHEME – SHARE OPTION SCHEME

Pursuant to ordinary resolutions of the shareholders of the Company passed on 31 May 2024 and the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the shares (as defined in the New Share Option Scheme (as defined below)) which may fall to be issued upon the exercise of subscription rights attaching to the options (as defined in the New Share Option Scheme (as defined below)) to be granted under the New Share Option Scheme (as defined below) on 6 June 2024, the Company adopted a new share option scheme on 6 June 2024 (the “New Share Option Scheme”).

On 30 May 2025, the Company granted a total of 81,540,000 share options under the New Share Option Scheme to entitle the holder(s) thereof to subscribe for a total of 81,540,000 ordinary shares of the Company (“Shares”). No share options have been vested during the Interim Period.

Disclosure of Interests and Other Information

SHARE SCHEME – SHARE OPTION SCHEME (Continued)

Details of the movement of share options granted under the New Share Option Scheme during the six months ended 30 June 2025 are as follows:

Category of participants	Date of grant	Exercise price per share	Vesting period	Exercise period	Outstanding as at 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2025	Share closing price immediately before the date of grant of share options
Directors											
Shi Xingzhi	30 May 2025	HK\$1.92	Note 1	Note 4	-	1,360,000	-	-	-	1,360,000	1.73
Shi Shengli	30 May 2025	HK\$1.92	Note 1	Note 4	-	1,360,000	-	-	-	1,360,000	1.73
Yeung Kwok Kuen	30 May 2025	HK\$1.92	Note 2	Note 4	-	1,360,000	-	-	-	1,360,000	1.73
Feng Fangqing	30 May 2025	HK\$1.92	Note 1	Note 4	-	1,360,000	-	-	-	1,360,000	1.73
Chu Kang Nam	30 May 2025	HK\$1.92	Note 2	Note 4	-	370,000	-	-	-	370,000	1.73
Liang Xushu	30 May 2025	HK\$1.92	Note 2	Note 4	-	370,000	-	-	-	370,000	1.73
Leung Ka Wo	30 May 2025	HK\$1.92	Note 2	Note 4	-	370,000	-	-	-	370,000	1.73
					-	6,550,000	-	-	-	6,550,000	
Employees of the Group											
	30 May 2025	HK\$1.92	Note 1	Note 4	-	4,030,000	-	-	-	4,030,000	1.73
	30 May 2025	HK\$1.92	Note 2	Note 4	-	49,820,000	-	-	-	49,820,000	1.73
	30 May 2025	HK\$1.92	Note 3	Note 4	-	21,140,000	-	-	-	21,140,000	1.73
					-	74,990,000	-	-	-	74,990,000	
					-	81,540,000	-	-	-	81,540,000	

Disclosure of Interests and Other Information

SHARE SCHEME – SHARE OPTION SCHEME (Continued)

Notes:

1. Share options would be vested in accordance with the below schedule, subject to satisfaction of certain performance targets:

Date	Percentage of total number of the share options granted to each grantee to vest
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The first trading day after 36 months (3 years) from 30 May 2025	50%
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The first trading day after 60 months (5 years) from 30 May 2025	50%
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2. Share options would be vested in accordance with the below schedule, subject to satisfaction of certain performance targets:

Date	Percentage of total number of the share options granted to each grantee to vest
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The first trading day after 12 months (1 year) from 30 May 2025	10%
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The first trading day after 24 months (2 years) from 30 May 2025	10%
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The first trading day after 36 months (3 years) from 30 May 2025	20%
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The first trading day after 48 months (4 years) from 30 May 2025	30%
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The first trading day after 60 months (5 years) from 30 May 2025	30%
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Disclosure of Interests and Other Information

SHARE SCHEME – SHARE OPTION SCHEME (Continued)

Notes: (Continued)

3. 100% of the total number of the share options granted to each grantee will be vested on the first trading day after 60 months (5 years) from 30 May 2025, subject to satisfaction of certain performance targets.
4. Exercise period: The share options vested according to the Notes 1 to 3 as stated above may be exercised by the grantees at any time until the expiry of 10 years from 30 May 2025.
5. Performance targets: Vesting of the share options granted to the grantees would be subject to (i) the achievement of the performance targets by the Company for the previous corresponding financial year; and (ii) the achievement of the individual's performance targets set by the Group.

Information on the accounting policy for share options granted and the fair value of share options at the date of grant are set out in Note 21 to the condensed consolidated financial statements.

The key terms of the New Share Option Scheme are summarized in the circular of the Company dated 22 April 2024.

As at 1 January 2025, the total number of options available for grant under the New Share Option Scheme was 407,027,222 Shares, representing approximately 9.3% of the total issued ordinary share capital of the Company. As at 30 June 2025, the total number of options available for grant under the New Share Option Scheme was 325,487,222 Shares, representing 7.4% of the total issued ordinary shares of the Company. As at 1 January 2025 and 30 June 2025, the total number of options available for grant under the New Share Option Scheme regarding the Service Provider Sublimit (as defined in the New Share Option Scheme) was 40,702,722 Shares, representing 0.9% of the total issued ordinary shares of the Company.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the six months ended 30 June 2025 divided by weighted average number of Shares in issue (excluding treasury shares, if any) for the six months ended 30 June 2025 is 1.9%.

Disclosure of Interests and Other Information

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

The Company has not redeemed any of its listed securities during the six months ended 30 June 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee of the Company and management have reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025.

By Order of the Board
Tongguan Gold Group Limited
Jiang Zhiyong
Chairman and Executive Director

Hong Kong, 25 August 2025