



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

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



2025
ANNUAL REPORT



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COMPANY PROFILE

Tongguan Gold Group Limited (a company listed on the Hong Kong Main Board, stock code: 340) is mainly engaged in gold exploration and mining. After the Company completed the acquisition of Tongguan County Xiangshun Mining Development Co., Ltd. in January 2017, it completed the acquisition of three gold mining companies in Tongguan area during the period from April 2017 to December 2018, the completion of the acquisition of Subei County Holezadegai Northeast Mining Co., Ltd. in Jiuquan City, Gansu Province in July 2023 further expanded the Group companies' assets and gold resources. The production capacity and profitability level of the Group companies have been greatly improved and the Company has entered into a new stage of development.

As market demand continues to grow and industry competition becomes increasingly fierce, the Company realizes that only through technological innovation and scale expansion can it gain a foothold in the fierce market competition. Therefore, the Group companies continue to increase investment in technology research and development and mining rights auctions in Jiuquan City, Dunhuang City, Subei County and other regions in Gansu Province, and actively introduces advanced domestic and foreign technologies to expand production scale and increase production capacity.

The Group are principally engaged in (i) gold mining operation, which 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; and (ii) gold recycling, which is purchasing the gold related materials, refining and sale of gold bullion. The Group's gold mining operation and gold recycling are mainly carried out in the People's Republic of China (the "PRC").

“LEADING WITH EXCELLENCE AND CREATING BRILLIANCE”

Corporate Vision

“Leading with Excellence and Creating Brilliance”

Tongguan Gold Group are committed to becoming the outstanding leader in the domestic gold industry, achieving high quality and sustainable development through continuous technological innovation and smart mine construction, and achieving the common prosperity of the enterprise and society.

Corporate Mission

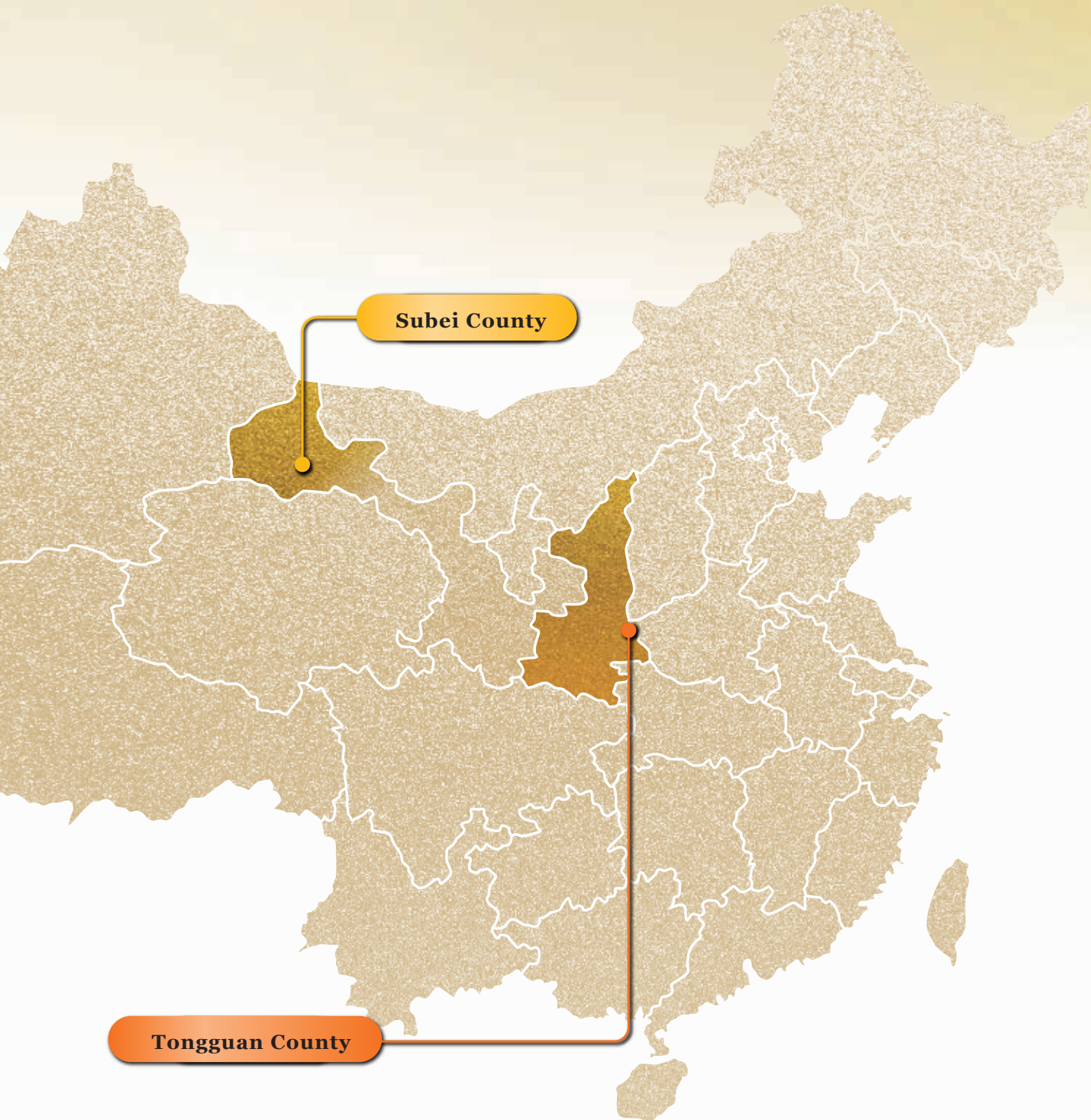
Through efficient, safe and environmentally friendly gold mining and production, Tongguan Gold Group is committed to creating lasting value for society and stakeholders. We adhere to the principle of operational excellence, empower employee growth, promote community prosperity, increase shareholders' returns, and achieve win-win harmony between the enterprise and society. Adhere to the concepts of responsibility and innovation, strive to establish industry benchmarks globally, and leading the sustainable development and progress of the gold industry.

COMPANY PROFILE

THE GROUP'S MINERAL RESOURCES AS AT 31 DECEMBER 2025 ARE SUMMARISED AS FOLLOWS:

	Inventory (kt)	Grade (g/t Au)	Contained Metal (t)
Mines in Tongguan County			
Indicated	3,796.6	7.50	28.5
Inferred	871.2	7.43	6.5
Total	4,667.8	7.50	35.0
Mines in Subei County			
Indicated	4,952.2	5.82	28.8
Inferred	2,407.2	5.73	13.8
Total	7,359.4	5.79	42.6
Total			
Indicated	8,748.8	6.55	57.3
Inferred	3,278.4	6.19	20.3
Total	12,027.2	6.45	77.6

COMPANY PROFILE



FINANCIAL SUMMARY

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
RESULTS					
Revenue	2,396,218	1,604,821	1,497,236	1,244,864	681,721
Profit (loss) for the year attributable to:					
Owners of the Company	830,429	211,136	51,454	50,340	138,677
Non-controlling interests	24,754	(998)	8,580	6,666	16,623
	855,183	210,138	60,034	57,006	155,300
As at 31 December					
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES					
Total assets	6,528,569	4,593,704	4,554,860	3,650,157	3,897,027
Total liabilities	(2,355,333)	(1,974,737)	(2,093,441)	(1,616,801)	(1,724,652)
	4,173,236	2,618,967	2,461,419	2,033,356	2,172,375
Represented by:					
Equity attributable to owners of the Company	3,988,844	2,480,751	2,316,491	1,894,437	2,015,405
Non-controlling interests	184,392	138,216	144,928	138,919	156,970
	4,173,236	2,618,967	2,461,419	2,033,356	2,172,375

FINANCIAL SUMMARY

RESULTS OF OPERATIONS

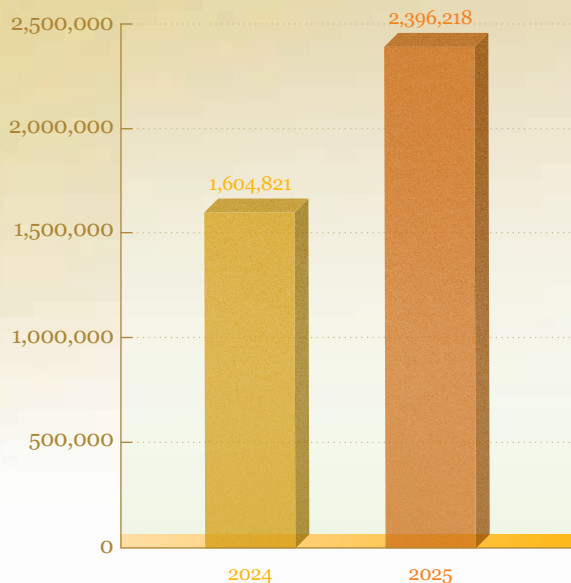
	Unit	2025	2024
Revenue	HK\$'000	2,396,218	1,604,821
Gross profit	HK\$'000	1,310,951	523,191
Profit for the year	HK\$'000	855,183	210,138
Total comprehensive income (expense) for the year attributable to			
– Owners of the Company	HK\$'000	918,986	164,260
– Non-controlling interests	HK\$'000	31,765	(6,712)
Earnings per share – basic	HK cents	18.81	5.19
Earnings per share – diluted	HK cents	18.71	5.19
Proposed dividend per ordinary share	HK cents	3.2	1.2

FINANCIAL POSITION

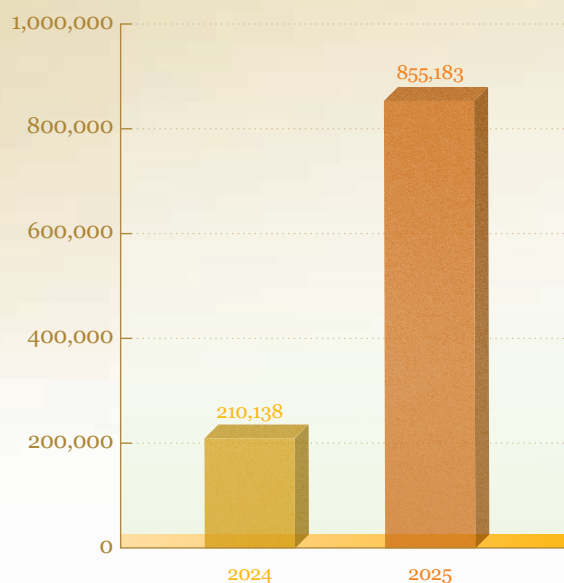
	Unit	2025	2024
Total assets	HK\$'000	6,528,569	4,593,704
Total liabilities	HK\$'000	2,355,333	1,974,737
Equity attributable to owners of the Company	HK\$'000	3,988,844	2,480,751
Non-controlling interests	HK\$'000	184,392	138,216
Total equity	HK\$'000	4,173,236	2,618,967

FINANCIAL SUMMARY

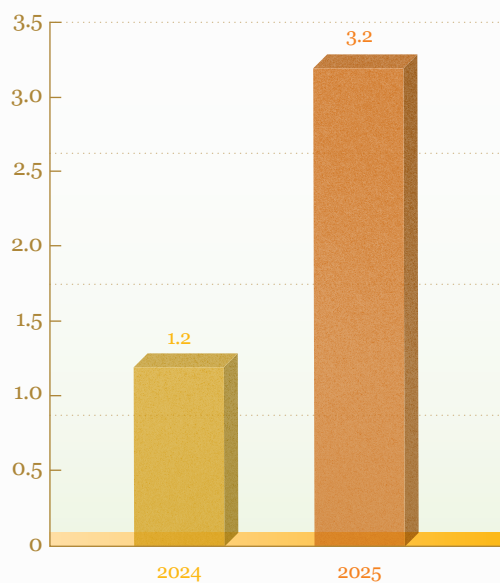
Revenue (HK\$'000)



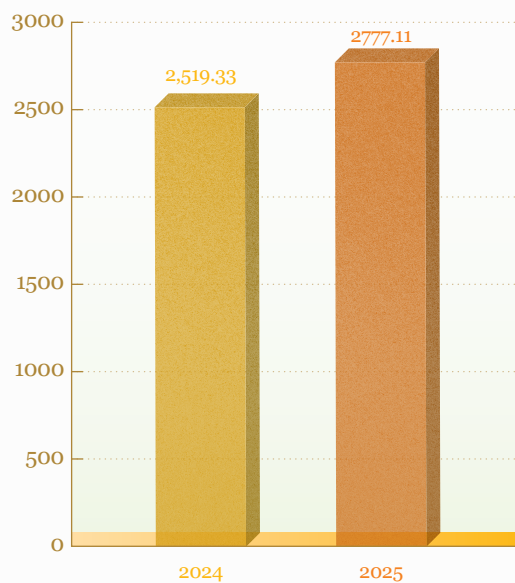
Profit for the year (HK\$'000)



Proposed dividend (HK cents)



Gold production volume (Kilogram)



CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Jiang Zhiyong (*Chairman*)
Wang Dequan (*Chief Executive Officer*)
(*appointed on 27 March 2026*)
Shi Xingzhi
Shi Shengli
Yeung Kwok Kuen (*Chief Financial Officer*)
Feng Fangqing

Independent Non-executive Directors:

Chu Kang Nam
Liang Xushu
Leung Ka Wo

COMPANY SECRETARY

Leung Lai Ming

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2707A, 27th Floor
Office Tower of Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

AUDITORS

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Unit 4301-7, 43/F,
COSCO Tower,
183 Queen's Road Central,
Sheung Wan,
Hong Kong

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
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
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

KEY INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

2025 Full Year Results

Announcement date 27 March 2026

2025 Final Dividend

Announcement date 27 March 2026

Ex-dividend date 11 June 2026

Latest time for lodging share transfer documents for registration 12 June 2026 (Not later than 4:00 pm)

Book close date 15 – 16 June 2026 (both days inclusive)

Record date 16 June 2026

Expected payment date 7 July 2026

2026 Annual General Meeting 29 May 2026

DIVIDEND

The directors of the Company recommended the payment of a final dividend of HK3.2 cents per share for the year ended 31 December 2025 to shareholders whose names appear on the register of members of the Company on 16 June 2026. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 29 May 2026.

Assuming that the final dividend for the year ended 31 December 2025 is approved by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 29 May 2026, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from Monday, 15 June 2026 to Tuesday, 16 June 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 12 June 2026. It is expected that the final dividend will be payable to those entitled on or before Tuesday, 7 July 2026.

ELECTRONIC COMMUNICATION

This Annual Report, in English and Chinese versions, is available on the Company's website (www.tongguangold.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website to help protect the environment.

If the shareholders of the Company have difficulty in reading or gaining access to this Annual Report via the Company's website for any reason, the Company will promptly send this Annual Report in printed form free of charge upon the shareholders' request. The shareholders of the Company may change their choice of means of receipt of the Company's future corporate communications at any time, free of charge, by giving the Company c/o the Company's branch share registrar in Hong Kong (at the above address) reasonable notice in writing or by email to 340-corpcomm@unionregistrars.com.hk.

Please be aware that any written request from a shareholder to receive the Company's corporate communications in printed form will expire one year from the date of receipt of the valid written request by the Company's branch share registrar in Hong Kong, unless it is revoked or superseded before the expiry date. A further written request will be required if a shareholder wishes to continue receiving future corporate communications in printed form thereafter.

CHAIRMAN'S STATEMENT

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GOLD
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CHAIRMAN'S STATEMENT

On behalf of the board of directors (the “Board”) of Tongguan Gold Group Limited (the “Company”), I am pleased to present to our shareholders, the annual report of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025.

BUSINESS REVIEW

In 2025, the global economy remained under pressure from geopolitical tensions and macroeconomic uncertainties, with financial market volatility staying high. Against this backdrop, investors increasingly turned to gold and companies with solid fundamentals as safe haven assets. The Group maintained its focus on operational efficiency, disciplined acquisitions, and sound management, delivering another year of strong performance. Profit for the year attributable to the owner of the Company rose from approximately HK\$211 million in 2024 to approximately HK\$830 million in 2025, representing growth of 293%. This reflects not only favorable market conditions but also the Group's ability to seize opportunities and reinforce its position in the gold mining industry.

As a major player in the sector, the Group demonstrated strong cohesion and execution. Guided by a forward-looking vision, management leveraged the advantages of being a listed company to reallocate resources and invest in diversified gold mining opportunities aligned with long-term goals. From 2025 to the present, the Group advanced operational upgrades, resource development projects, and strategic acquisitions. Building on these initiatives, vertical integration was realised in Tongguan County and Subei County, through the acquisition of the target companies, directly supported by the issuance of convertible bond or share, to enhance cost efficiency and strengthen safety management. In January 2025, the Group completed the acquisition of Huasheng Construction Investment Limited, followed by Longxin Construction Development Limited in January 2026, both streamlining production processes and reinforcing safety standards.

In addition, horizontal integration was achieved through the acquisition of Subei Mongol Autonomous County Jinxing Mining Co., Limited (“Jinxing Mining”) in August 2025, securing exploration licenses in Subei County and Longnan County, which host a large exploration zone that further consolidated the Group's strategic position. In November 2025, the Group completed the acquisition of Wise Trend Investment Limited, also through share issuance, thereby expanding mineral resources in Subei County. Notably, Wise Trend Investment Limited's economic interests in its exploration licenses, together with part of Jinxing Mining's exploration licenses adjacent to the Group's existing mining areas in Subei County, are expected to generate synergies that strengthen resource integration and strategic layout.

The Group remains committed to corporate responsibility, with priorities including environmental sustainability, workplace safety, and community engagement. Initiatives include automation upgrades, 3D geological modeling, and investments in green mine construction. The Group also supports community development through donations in Hong Kong and funding for university in Mainland China, nurturing future talent and contributing to sustainable industry growth.

CHAIRMAN'S STATEMENT

PROSPECTS

In 2026, the global economy continues to face challenges from geopolitical tensions, inflation, and monetary shifts. Financial markets remain volatile, driving investors to rely more heavily on gold. Early in the year, gold surged past US\$5,000 per ounce, supported by a weaker U.S. dollar and rising uncertainty. Instability in the Middle East and mounting U.S. fiscal deficits further highlight gold's strategic importance. Central banks hold firmly onto their gold reserves, while cryptocurrencies increasingly incorporating gold into collateral system. Driven by these dual forces, gold is entering a new phase of structure demand.

Against this favorable backdrop, the Group is advancing initiatives to enhance competitiveness and strengthen reserves. Efforts are underway to convert exploration licenses into mining licenses and to apply for the necessary production and safety permits, with a focus on Tongguan County, with substantive progress expected in 2026. Exploration in favorable mineralization zones is accelerating, alongside the pursuit of high quality gold assets domestically and internationally to reinforce portfolio depth and resilience.

External support has validated the Group's vision and execution capability. Capital injections from Zijin Metal Company Limited and strategic investor in April 2025, together with the streaming agreement with Zijin Metal Company Limited in June 2025, underscored resource quality. New capital has been allocated to Subei County for production expansion, drilling, and green mine construction, embedding sustainability into operations while driving growth. International recognition has further strengthened momentum. The Group was included in the MSCI Global Small Cap Index in August 2025, followed by entry into the FTSE Global Equity Index Series in March 2026. These milestones broaden institutional investor access, diversify the shareholder base, and enhance credibility. Together, strategic investment, operational expansion, sustainability initiatives, and global index recognition form a compelling narrative of progress.

The Group's strong performance in 2025 demonstrates resilience and foresight, building on prior-year momentum. Supported by favorable market conditions and a diversified gold mining portfolio, the Group has reinforced its foundation for sustainable growth. To reward shareholder trust, the Board has recommended the final dividend for the year 2025, which is the second consecutive year following the inaugural dividend in 2024. Anchored in disciplined growth and sustainable practices, the Group is committed to delivering enduring, long-term value for shareholders.

By Order of the Board

Jiang Zhiyong
Chairman

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2025, the Group's revenue was approximately HK\$2,396,218,000, representing an increase of approximately 49% as compared to revenue of approximately HK\$1,604,821,000 for the corresponding year in 2024. Revenue growth was primarily due to the increase in sales volume of mine-produced gold, supported by a higher average selling price and the absence of gold recycling activities during the period. Detailed analysis is set out in below "Review of Operations" section.

Cost of Sales

During the year ended 31 December 2025, the Group's cost of sales was approximately HK\$1,085,267,000 representing an increase of approximately 0.3% as compared to cost of sales of approximately HK\$1,081,630,000 for the corresponding year in 2024. The slight increase in cost of sales was primarily due to the higher sales volume of mine-produced gold and the absence of gold recycling activities during the period. Detailed analysis is set out in below "Review of Operations" section.

Gross Profit

During the year ended 31 December 2025, the Group's gross profit was approximately HK\$1,310,951,000, representing an increase of approximately 151% as compared to gross profit of approximately HK\$523,191,000 for the corresponding year in 2024. The increase in gross profit was mainly attributable to an increase in the gross profit from the gold mining operation in 2025. Detailed analysis is set out in below "Review of Operations" section.

Other Income

During the year ended 31 December 2025, the Group's other income increased by approximately HK\$4,368,000 as compared to other income of approximately HK\$4,000,000 for the corresponding year in 2024. The increase was mainly due to an increase in interest on bank deposits.

Other Net Gains and Losses

During the year ended 31 December 2025, the Group incurred other net losses of approximately HK\$32,426,000, as compared to other net losses of approximately HK\$19,371,000 in 2024. The losses were mainly attributable to impairment loss in respect of other receivables, fair value changes in the derivative component of convertible bond and contingent consideration payables, partially offset by fair value gains on financial assets at fair value through profit or loss and gain on modification of other borrowing recognised in 2025.

Administrative and other Expenses

During the year ended 31 December 2025, the Group's administrative and other expenses was increased by approximately HK\$36,350,000 as compared to administrative and other expenses of approximately HK\$169,982,000 for the corresponding year in 2024. The increase mainly reflected higher staff costs due to increased headcount and the recognition of share-based payments in 2025. In contrast, certain one-off expenses declined relative to 2024, including invalid exploration costs associated with expanded exploration activities. Additionally, closure work on the tailings dam was undertaken solely in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Finance Costs

During the year ended 31 December 2025, the Group's finance costs was increased by approximately HK\$4,405,000 as compared to finance costs of approximately HK\$30,821,000 for the corresponding year in 2024. The increase 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") in 2025.

Income Tax Expense

During the year ended 31 December 2025, the Group's income tax expense was increased by approximately HK\$93,273,000 as compared to income tax expense of approximately HK\$96,879,000 for the corresponding year in 2024. The increase was mainly due to an increase in the overall gross profit in 2025.

Profit for the Year Attributable to Owners of the Company

During the year ended 31 December 2025, the Group's profit for the year attributable to owners of the Company was approximately HK\$830,429,000, representing an increase of approximately 293% from approximately HK\$211,136,000 in 2024.

Net Asset Value Per Share*

The Group's net asset value per share increased by 25% from HK64.3 cents in 2024 to HK80.3 cents in 2025.

* Using the number of issued ordinary shares of the Company as at the relevant financial year end date.

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 in Tonggun County and Subei County.

For the financial year ended 31 December 2025, the Group's revenue from gold mining operation amounted to approximately HK\$2,396,218,000, representing an increase of approximately 84% from approximately HK\$1,302,774,000 for the corresponding period in 2024 and was primarily contributed by (i) the increase in average selling price of mine-produced gold by upwards trend of gold from RMB540 per gram for the corresponding period in 2024 to RMB747 per gram for the year 2025; and (ii) an increase in sale volume of mine-produced gold from approximately 2.22 tonnes for the corresponding period in 2024 to approximately 2.96 tonnes in 2025.

The cost of sales amounted to approximately HK\$1,085,267,000, representing an increase of approximately 39% from approximately HK\$779,802,000 for the corresponding period in 2024. As results, the gross profit from this operation amounted to approximately HK\$1,310,951,000 (gross profit margin 54.7%), representing an increase in approximately 151% as compared with gross profit of approximately HK\$522,972,000 (gross profit margin 40.1%) for the corresponding period in 2024. The increase in gross profit margin was mainly driven by the rise in the average selling price of mine-produced gold and effective cost control, the latter primarily resulting from synergy effects arising from the vertical integration of Huasheng Construction Investment Limited and its subsidiaries in early of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS *(CONTINUED)*

Details of the exploration, development and mining production activities and a summary of expenditure incurred on these activities during the year ended 31 December 2025 are as below:

A. **Gold Mining Operation** *(CONTINUED)*

I Exploration

Tongguan County Xiangshun Mining Development Co., Ltd. (“Xiangshun Mining”)

During the year ended 31 December 2025, combination of pit drilling and tunnel exploration methods are used to carry out exploration activities.

Shaanxi Tongxin Mining Co., Ltd. (“Tongxin Mining”)

Tongxin Mining’s exploration right was successfully converted into mining right and is currently undergoing the design of safety facility related construction projects for applying for the production and safety permit during the year ended 31 December 2025.

Tongguan County De Xing Mining L.L.C. (“De Xing Mining”)

During the year ended 31 December 2025, De Xing Mining is in the progress of conversion of exploration right to mining right.

Tongguan Tongjin Mining Company Limited (“Tongjin Mining”)

During the year ended 31 December 2025, Tongjin Mining did not carry out any exploration activities.

Subei County Holezadegai Northeast Mining Co., Ltd. (“Northeast Mining”) and Subei Mongolian Autonomous County Yixin Mining Development Co., Ltd. (“Yixin Mining”)

During the year ended 31 December 2025, combination tunnel exploration, surface drilling and pit drilling methods are used to carry out exploration activities.

Tianshui Xindu Mining Co., Ltd. (“Xindu Mining”)

During the year ended 31 December 2025, Xindu Mining was performing different kinds of exploration works, including surface drilling works and trenching works.

Tiuquan Chuangjin Mining Development Co., Ltd. (“Chuangjin Mining”)

During the year ended 31 December 2025, Chuangjin Mining was performing different kinds of exploration works, including soil survey, surface drilling works and trenching works.

Subei Mongol Autonomous County Jinxing Mining Co., Ltd. (“Jinxing Mining”)

During the year ended 31 December 2025, Jinxing Mining was performing different kinds of exploration works, including soil survey, surface drilling works and trenching works.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS (CONTINUED)

A. Gold Mining Operation (CONTINUED)

II Development

Xiangshun Mining, Tongxin Mining and Northeast Mining

During the year ended 31 December 2025, Xiangshun Mining, Tongxin Mining and Northeast Mining have appointed several engineering and technical companies and have completed (i) the pit exploration project of approximately 25,870 meters; and (ii) the pit drilling and surface drilling project of approximately 60,502 meters.

Tongjin Mining, De Xing Mining, Yixin Mining, Xindu Mining, Chuangjin Mining and Jinxing Mining

During the year ended 31 December 2025, Tongjin Mining, De Xing Mining, Yixin Mining, Xindu Mining, Chuangjin Mining and Jinxing Mining did not carry out any development activities.

III Mining Production Activities

Xiangshun Mining and Northeast Mining

(1) Mining operation

	Year ended 31 December 2025
Underground mining	
Ore production (thousand tonnes)	627.18
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Total ore production (thousand tonnes)	627.18
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Average gold grade (gram/tonne)	5.54

(2) Ore processing operation

	Year ended 31 December 2025
Processing ore production (thousand tonnes)	568.81
Average gold grade (gram/tonne)	5.37
Gold production (Kilogram)	2,777.11

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS (CONTINUED)

A. Gold Mining Operation (CONTINUED)

III Mining Production Activities (CONTINUED)

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

During the year ended 31 December 2025, 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 year ended 31 December 2025 are set out as below:

	Mine produced Gold (HK\$'000)
Exploration and Mining activities	
Exploration and development construction	235,351
Mining ore	620,588
Total	855,939

(Concentrating not included)

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 year ended 31 December 2025, the all-in sustaining cost of the Group was RMB377 per gram.

Information of the mineral resources of the gold for the gold mines of the Group under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") as at 31 December 2025 are as below:

Mines in Tongguan County	Inventory (kt)	Grade (g/t Au)	Contained Metal (t)
Indicated	3,796.6	7.50	28.5
Inferred	871.2	7.43	6.5
Total	4,667.8	7.50	35.0
Mines in Subei County			
Indicated	4,952.2	5.82	28.8
Inferred	2,407.2	5.73	13.8
Total	7,359.4	5.79	42.6
Total			
Indicated	8,748.8	6.55	57.3
Inferred	3,278.4	6.19	20.3
Total	12,027.2	6.45	77.6

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS *(CONTINUED)*

A. Gold Mining Operation *(CONTINUED)*

The resources stated as above are based on the following assumption:

Mines in Tongguan County

- i. The average dilution rates of 12.6%.
- ii. A 1.0 g/t Au cut-off grade has been applied.

Mines in Subei County

- i. The average dilution rates of 19.3%.
- ii. A 1.0 g/t Au cut-off grade has been applied.

B. Gold Recycling Business

The activity of the Group's gold recycling business involves sale of physical gold bullion by purchasing gold related materials from other supply chain players, and refining by subcontractors. For the year ended 31 December 2025, no transaction was made under gold recycling business. For the corresponding year in 2024, the volume of sale of gold bullion was approximately 0.57 tonnes. Approximately HK\$302,047,000 of revenue and approximately HK\$301,828,000 of cost of sales were contributed from this operation in 2024. Gross profit from this operation was thin and amounted to approximately HK\$219,000.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, the Group had total assets and net assets amounted of approximately HK\$6,528,569,000 (2024: approximately HK\$4,593,704,000) and approximately HK\$4,173,236,000 (2024: approximately HK\$2,618,967,000), respectively. The current ratio was 0.78 as compared to 0.36 as of last year end date.

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$638,491,000 (2024: approximately HK\$172,329,000), and most of which were denominated in Renminbi, United States dollar and Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE *(CONTINUED)*

As at 31 December 2025, the Group had bank and other borrowings of approximately HK\$477,215,000 (2024: approximately HK\$530,596,000) which were denominated in Renminbi, including the effective interest rates ranged from 3.00% to 5.40% (2024: from 3.28% to 6.45%) per annum. This included bank borrowings with variable rates at loan prime rate (“LPR”)+0.85% (2024: from LPR+0.85% to LPR+2.60%) per annum. The decrease in total borrowings is mainly due to adequate funds to cope with daily operation. The gearing ratio, as a ratio of sum of bank and other borrowings and promissory note to total equity, was 11.4% (2024: 23.2%).

As at 31 December 2025, the Group had no outstanding promissory notes (2024: approximately HK\$75,710,000). The promissory note with the principal amount of HK\$80,000,000 carries zero interest and settled on 9 October 2025.

FOREIGN EXCHANGE RISK MANAGEMENT

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

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.

On 7 November 2025, the Company issued 800,000,000 new ordinary shares as the consideration paid for the acquisition of the entire equity interests in Wise Trend Investment Limited (as stated in heading “Material acquisitions and disposals of subsidiaries, associated companies and joint ventures” as below).

As at 31 December 2025, the Company had 5,197,692,221 ordinary shares in issue with total shareholders’ fund of the Group amounting to approximately HK\$519,769,000.

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

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

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.

The following table summarizes the use of net proceeds of HK\$225.5 million from the Subscription for the year ended 31 December 2025:

	Amount of net proceeds HK\$ million	Actual use of net proceeds during the year ended 31 December 2025 HK\$ million	Unused amount of net proceeds as at 31 December 2025 HK\$ million
(i) Development of the mining production line with production capacity of 450 tons of ores per day (Note 1)	80	64	16
(ii) Conducting the mines drilling activities (Note 2)	50	40	10
(iii) Construction of dormitory and related facilities at the mining locations of the Group (Note 1)	20	18	2
(iv) Green mining construction (Note 1)	13	9	4
(v) Replenishing the working capital of the Group	62.5	37	25.5
Total	225.5	168	57.5

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.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2025, the Group has pledged certain property, plant and equipment, right-of-use assets and other intangible assets with carrying amounts of approximately HK\$37,157,000, HK\$46,183,000 and HK\$78,109,000 (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.

SIGNIFICANT INVESTMENT, 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 36 to the consolidated financial statements.

On 7 November 2025, the Group acquired the entire equity interests in Wise Trend Investment Limited, which was satisfied by the issue and allotment of 800,000,000 ordinary shares of the Company. The details are set out in Note 36 to the consolidated financial statements.

Saved as disclosed above, there were no other significant investment, material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2025.

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

Particulars of the Group's events after the reporting period are set out in Note 48 to consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 12 and 756 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' emoluments in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$121,188,000 (2024: approximately HK\$64,516,000) for the year ended 31 December 2025. There was a share-based payment of approximately HK\$16,410,000 arising from grant of share options to directors and employees of the Group for the year ended 31 December 2025 (2024: Nil).

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

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 Mainland China 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 schemes 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties affecting the Group are set out as below.

Global Economic and Macro-Economic Conditions

The Group is engaged in exploration, mining, processing, smelting and sale of gold and related products in China. The Group is facing the fluctuation in the gold price for gold mining business. The affecting factors include, without limitation, the stability of the international economic situation and the fluctuation of the global political and social condition and the global gold reserves, all of which are beyond the control of the Group. Decline in gold price may cause pressure on the Company's production and operation. To ensure a stable production, the Company would fully leverage on its technological and managerial strength to raise efficiency and control costs strictly, monitor closely the commodity market and align its production plan and growth strategy.

Investment Risk

Balancing risk and return across investment types and geographic location are key considerations of investment framework. Risk assessment is an important aspect of the investment decision process. Management would regularly review and monitor the progress of the investments of the Group and submit to the board of directors of the Company.

Financial Risk

The Group's major financial instruments include financial assets measured at fair value through other comprehensive income, trade and other receivables and deposits, amounts due from associates, bank balances and cash, other payables, lease liabilities and bank and other borrowings. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Particulars of financial risk management of the Group for the year ended 31 December 2025 and the policies on how to mitigate these risks are set out in Note 40 to the consolidated financial statements. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group encourages environmental protection and complies with environmental legislation and promote awareness towards environmental protection to the employees.

Further information on environmental policy and performance of the Group is set out under the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2025, there has been no claim that the Group has breached any law or regulation, or indeed has exceeded its authority.

KEY RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group understands that it is important to maintain good relationship with its customers and suppliers to fulfil its immediate and long-term goals. During the year ended 31 December 2025, there was no material and significant dispute between the Group and its customers. The Group maintains good relationships with its customers and suppliers during the year ended 31 December 2025. The Group never stops perfecting its procurement process and mechanism. It also insists on the business principles of integrity and trustworthiness to enhance communications with suppliers by all available means, with the goal of seeking mutual benefit and prosperity for all.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

JIANG Zhiyong

Mr. Jiang Zhiyong (“Mr. Jiang”), aged 70, was appointed as a chairman and an executive director of the Company on 8 October 2024.

Mr. Jiang graduated from the Tongguan County Party School of the Communist Party of China (中共潼關縣委黨校). Mr. Jiang has over 30 years of extensive experience in gold mining management, operation and investment in China. Mr. Jiang is the founder of Subei County Holezadegai Northeast Mining Co., Ltd. (肅北縣霍勒扎德蓋北東礦業有限責任公司), a company which became a subsidiary of the Company since 21 July 2023, and he has been responsible for the operation and development of that company for more than ten years.

Mr. Jiang is the father of Ms. Jiang Wei. As at 27 March 2026, Ms. Jiang Wei (i) holds 63.34% of the equity interests of Qinlong Jinxin Mining Investment Limited, a substantial shareholder of the Company (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which holds 22.33% of the shares of the Company and (ii) Ms. Jiang Wei directly hold 0.16% of the shares of the Company and is the single largest shareholder of the Company.

WANG Dequan

Mr. Wang Dequan (“Mr. Wang”), aged 45, was appointed as an executive director of the Company on 27 March 2026 and was appointed as the chief executive officer of the Company on 1 October 2025. Mr. Wang is also the general manager of Xian Headquarter, responsible for overseeing the administrative and legal affairs department of the corporate comprehensive management center.

Mr. Wang obtained PhD from Chang’an University and Postdoctoral Researcher at the Guangzhou Institute of Geochemistry, Chinese Academy of Sciences. Mr. Wang is a Professor-level senior engineer and is an expert in the review expert database for exploration and development plans of non-oil and gas mineral resources in Shaanxi Province. Mr. Wang has been engaged in gold mine exploration and research work for a long time and obtained the second prize of Shaanxi Province Science and Technology Progress Award. Mr. Wang has also published more than 40 papers in high-level journals such as Science Citation Index (SCI), Engineering Index (EI) and core Chinese journals and have obtained 8 patents.

Mr. Wang has over 10 years of management and operation experience in gold mining industry. From June 2014 to July 2020, Mr. Wang held various positions at a geological exploration and nuclear energy utilization company, China Shaanxi Nuclear Industry Group Co., Ltd. (中陝核工業集團公司) in Shaanxi Province including the deputy head and deputy manager, engaging in scientific and technological project management, platform development and scientific and technological research and management supervision. From July 2020 to July 2022, Mr. Wang was the Deputy County Magistrate of Tongguan County, Shaanxi Province (Temporary Assigned), engaging in industrial, gold production and investment promotion management. From July 2022 to May 2025, Mr. Wang was the deputy secretary of the party committee and general manager of an exploration company, Zhongshan Nuclear Industry Group 224 Brigade Co., Ltd. (中陝核工業集團二二四大隊有限公司) in charge of business operations.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SHI Xingzhi

Mr. Shi Xingzhi (“Mr. Shi”), aged 70, was appointed as an executive director of the Company on 21 February 2017. Mr. Shi is also the chief geologist of Xian Headquarter, responsible for overseeing the geological resources research institute, geological exploration department and mineral rights data management office of the geological resources development and research management center at Xian Headquarter.

Mr. Shi graduated from the Chang An University (長安大學). Mr. Shi is a senior geological engineer. From 1980 to 2004, Mr. Shi held various positions including geological technician, project team leader, project manager, deputy manager of technical department, head engineer, in Shaanxi Province and Guangzhou, the People’s Republic of China. From 2005 to 2015, Mr. Shi held various positions at an exploration company in Shaanxi Province including the deputy manager and deputy general manager (technical). From June 2015 to September 2016, Mr. Shi was the head geological engineer of a gold mining company in Gansu Province. Immediately before his appointment as executive director of the Company, Mr. Shi was the senior technical consultant of Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司), a company which became a subsidiary of the Company since 27 January 2017.

SHI Shengli

Mr. Shi Shengli (“Mr. Shi SL”), aged 63, was appointed as an executive director of the Company on 14 June 2017.

Mr. Shi SL graduated from the China University of Geosciences (Beijing) (中國地質大學(北京)). Mr. Shi SL is a senior geological engineer certified by the Senior Professional Qualification of Shaanxi Provincial People’s Government (陝西省人民政府高級專業技術任職資格). From 1985 to 2011, Mr. Shi SL held various positions including geological technician, project team leader and project manager in Northwest Nonferrous Geological Bureau Team 712 in the PRC. From November 2011 to November 2013, Mr. Shi SL was the head engineer of a gold mining company in Tongguan County of Shaanxi Province. Immediately before his appointment as the executive director of the Company, Mr. Shi SL was the senior geological engineer of Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司), a company which became a subsidiary of the Company since 27 January 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

YEUNG Kwok Kuen

Mr. Yeung Kwok Kuen (“Mr. Yeung”), aged 53, was appointed as an executive director of the Company on 1 December 2014. Mr. Yeung is also the chief financial officer of the Company and a director of several subsidiaries of the Company.

Mr. Yeung graduated from The Chinese University of Hong Kong with a bachelor degree in Professional Accountancy and obtained a master degree in Corporate Finance from The Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Yeung has over 20 years of experience in handling accounting and finance matters. Mr. Yeung was previously an executive director of the Company for the period from 17 January 2007 to 28 February 2014, and also held the position as the qualified accountant and chief financial officer of the Company during that period. From 2004 to 2006, Mr. Yeung was the chief financial officer of a trading and manufacturing group and prior to this, Mr. Yeung was the manager of an international accounting firm.

FENG Fangqing

Ms. Feng Fangqing (“Ms. Feng”), aged 56, was appointed as an executive director of the Company on 8 October 2024. Ms. Feng is also the chief financial officer and chief accountant of Xian Headquarter, responsible for overseeing the financial management department of the financial operation and information management center.

Ms. Feng obtained the qualifications of senior accountant in 2013, international certified internal auditor in 2004 and senior gold investment analyst in 2011. From 1992 to 2015, Ms. Feng served in various positions in various companies, including accountant, principal accountant, financial controller, gold trading supervisor, etc., and was fully responsible for the companies’ financial management. From 2015 and until her appointment as the executive director of the Company, Ms. Feng served as the financial controller of a subsidiary of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHU Kang Nam

Mr. Chu Kang Nam (“Mr. Chu”), aged 70, was appointed as an independent non-executive director of the Company on 16 May 2007.

Mr. Chu graduated from Xiamen University with a Bachelor of Arts degree, and thereafter, lectured at Xiamen University. Mr. Chu worked in government departments of the Fujian Province of the PRC from June 1984 to November 1989, responsible for research and management positions in economics and foreign trade areas. Mr. Chu has also assumed senior management positions at various trading and retail companies since December 1989. In September 1995, he was employed as a research analyst at the Fujian Provincial Government Development Research Centre. Mr. Chu has over 20 years of management and operation experience in the areas of economics and trading.

LIANG Xushu

Mr. Liang Xushu (“Mr. Liang”), aged 60, was appointed as an independent non-executive director of the Company on 14 June 2017.

Mr. Liang graduated from University of Science and Technology Beijing (北京科技大學). Mr. Liang also obtained a master's degree and a doctorate degree in Engineering from University of Science and Technology Beijing (北京科技大學). Mr. Liang has over 20 years of management and operation experience in the gold mining industry. From 1993 to 2000, Mr. Liang held various positions at China National Gold Group Corporation (中國黃金集團公司) including supervisor, deputy manager and senior engineer. From 2001 to 2007, Mr. Liang was a deputy head engineer and production technology manager in Zhongjin Gold Corporation Limited (中金黃金股份有限公司). From 2007 to 2014, Mr. Liang was a general manager of two mining investment companies in the PRC. From 2015 to 2016, Mr. Liang was a general manager of Zhongjin Golden Valley Fund Management Co., Ltd. (中金金谷基金管理有限公司). Currently, he is a vice secretary of China Occupational Safety and Health Association (中國職業安全健康協會) and the chairman of China Occupation Safety and Health (Beijing) Technology Development Co., Ltd. (中職安健(北京)科技發展有限公司).

LEUNG Ka Wo

Mr. Leung Ka Wo (“Mr. Leung”), aged 52, was appointed as an independent non-executive director of the Company on 25 August 2017.

Mr. Leung is currently a director and chief financial officer of China TX IIOT Group (Hong Kong) Limited. He holds a Bachelor of Business Administration degree from Seattle University. Mr. Leung is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and certified public accountant of the American Institute of Certified Public Accountants. Mr. Leung has over 25 years of experience in handling accounting, taxation and corporate finance matters. Mr. Leung is also an independent non-executive director of Ye Xing Group Holdings Limited (Stock Code: 1941), a company listed on the main board of The Stock Exchange of Hong Kong Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

FANG Ning

Mr. Fang Ning (“Mr. Fang”), aged 55, is the vice president of mining engineering operation of the Company and executive deputy general manager of Xian Headquarter, responsible for the production, operation and management of the subsidiary engineering company. Mr. Fang is also a director of a subsidiary of the Company.

Mr. Fang has over 34 years of management and operation experience in the gold mining industry, and has obtained qualifications such as Senior Engineer in Engineering Surveying and Second-Class Registered Constructor of Mining Engineering in Shaanxi Province. From 1991 to 2006, Mr. Fang served as a technician, deputy director of the mining area, deputy director of the general engineering office, deputy director of the dispatching office, party branch secretary, deputy commander (new mines), director of the technical office (underground infrastructure mines) and other positions in various gold mining companies in Anhui Province. From 2007 to 2011, Mr. Fang served as a project manager (underground infrastructure project) of a mining company in Shaanxi Province. From 2011 to February 2024, Mr. Fang served as the executive deputy manager of various project departments (underground infrastructure projects), deputy manager of production safety, project manager (infrastructure shaft projects, mining projects), deputy manager in charge of market development, etc. of a mining development service company. Immediately before his appointment as the vice president of mining engineering operation of the Company and executive deputy general manager of Xian Headquarter, Mr. Fang was the deputy general manager of safety and environmental protection production technology of a subsidiary of the Company.

XIE Yun

Mr. Xie Yun (“Mr. Xie”), aged 54, is the vice president of the Company (Gansu region). Mr. Xie is responsible for the daily operation and management of the Company’s subsidiaries in Gansu. Mr. Xie is also a director of several subsidiaries of the Company.

Mr. Xie obtained a master’s degree from Shaanxi Institute of Business Administration. He is an outstanding talent of Gansu Province, a member of the Jiuquan Municipal Political Consultative Conference and a representative of the People’s Congress of Subei County. Mr. Xie has over 30 years of management and operation experience in the gold mining industry. From 1992 to 2007, Mr. Xie served as the supervisor, the supervisor of the ore dressing workshop and the deputy mine manager of the Tongguan County Municipal Gold Mine Office. From 2007 to 2010, Mr. Xie served as the general manager of a mining company in Tongguan County. Since 2010, Mr. Xie has served as the assistant to the general manager, the executive deputy general manager and chairman of the labor union and the director of several subsidiaries of the Company.

YANG Xuting

Mr. Yang Xuting (“Mr. Yang”), aged 59, is the vice president of the Company (Shaanxi region). Mr. Yang is responsible for the daily operation and management of the Company’s subsidiaries in Shaanxi. Mr. Yang is also a director of several subsidiaries of the Company.

Mr. Yang is a member of the 8th and 9th CPPCC of Tongguan County and a member of the Standing Committee of the 10th CPPCC of Tongguan County. Mr. Yang has over 27 years of management and operation experience in the gold mining industry. From 2000 to 2008, Mr. Yang served as the workshop’s supervisor, deputy general manager of production safety and general manager of a mining company in Tongguan County. Since 2009, Mr. Yang has served as the deputy general manager of safety and environmental protection and director of a subsidiary of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

TIAN Zhenqiang

Mr. Tian Zhenqiang (“Mr. Tian”), aged 52, is the chief mining engineer of Xian Headquarter. Mr. Tian is responsible for overseeing the mining engineering technology department of the safety, environmental protection and production technology management center at Xian Headquarter.

Mr. Tian has over 28 years of management and operation experience in the gold mining industry and has obtained the qualification of senior mining engineer. From 1996 to 2008, Mr. Tian served as the production director of the mining workshop, the head of the production technology department, the person in charge of mining technology, the director of the mining workshop, the assistant to the general manager and other positions in various companies in Shaanxi Province, Hebei Province, Inner Mongolia Autonomous Region and Heilongjiang Province. Since 2009, Mr. Tian has served as the deputy production manager and general manager of various subsidiaries of the Company. From 2021 and until his appointment as the chief mining engineer of Xian Headquarter, Mr. Tian served as a general manager of a subsidiary of the Company.

REN Shiquan

Mr. Ren Shiquan (“Mr. Ren”), aged 46, is the deputy general manager of safety, environmental protection and production operation of Xian Headquarter. Mr. Ren is responsible for overseeing the safety, environmental protection and production operation department of the safety, environmental protection and production technology management center at Xian Headquarter.

Mr. Ren obtained a master’s degree from Xi’an University of Science and Technology and obtained the qualifications of registered safety engineer, second-level registered constructor, and occupational health assessor of Gansu Province. From 2006 to 2007, Mr. Ren worked as the chairman of the labor union in a petroleum engineering company. Since 2010, Mr. Ren has served in various positions in a subsidiary of the Company, including safety officer, head of the safety and environmental protection department, assistant to the general manager, deputy general manager of safety and environmental protection production, and general manager. From 2021 and until his appointment as the deputy general manager of safety, environmental protection and production operation of Xian Headquarter, Mr. Ren worked as a general manager of a subsidiary of the Company.

LEUNG Lai Ming

Ms. Leung Lai Ming (“Ms. Leung”), aged 50, is the company secretary and senior accounting manager of the Company. Ms. Leung graduated from The Hong Kong Polytechnic University with a bachelor degree in Accountancy. Ms. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). Ms. Leung has over 20 years of experience in handling accounting matters and extensive experience in company secretarial practice. Ms. Leung joined the Company in July 2007. Ms. Leung is also a director of several subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has a policy of seeking to comply with the established best practice in corporate governance. The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of its shareholders. This corporate governance report presents the corporate governance matters of the Group during the period covering the financial year ended 31 December 2025 and significant subsequent events (if any) for the period up to the date of publication of this annual report. For the year ended 31 December 2025, the Company has applied the principles and code provisions of the Corporate Governance Code as set out 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 “Code”), and the associated Listing Rules. During the year ended 31 December 2025, the Company has complied with the code provisions of the Code (“Code Provision(s)”), except for certain deviations as specified and explained below with considered reasons and explanation for such deviations.

1. Under Code Provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Since the resignation of Mr. Wang Hui as the chief executive officer of the Company (the “CEO”) on 1 June 2016, and until the appointment of Mr. Wang Dequan as the CEO on 1 October 2025, the executive directors of the Company, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.
2. Under Code Provision C.1.6 of the Code, generally, independent non-executive directors and other non-executive directors should attend the general meetings to gain and develop a balanced understanding of the views of shareholders. During the year ended 31 December 2025, an independent non-executive director was unable to attend the annual general meeting of the Company due to other engagement. The Company will try its best endeavors in arranging the meeting schedule and arrangement in order to comply with the code provision in future.

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 AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The Board has the overall responsibility for the ESG strategy, reporting and determining the management approach taken in this area. The Board believes that corporate governance and ESG are complementary, with corporate governance linked to good governance of environmental and social issues, which touch on all aspects of the Group’s businesses. The Board should take into consideration the environmental and social risks or impacts, and embed these ESG factors including environmental protection culture into its business operation, and should consider how the Group is to interact with its own people and the communities in which it operates and how they are governed.

Further information on ESG matter of the Group is set out under the section headed “Environmental, Social and Governance Report” of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition

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

Executive Directors:

Jiang Zhiyong, *Chairman*

Wang Dequan, *Chief Executive Officer* (appointed on 27 March 2026)

Shi Xingzhi

Shi Shengli

Yeung Kwok Kuen, *Chief Financial Officer*

Feng Fangqing

Independent Non-executive Directors:

Chu Kang Nam

Liang Xushu

Leung Ka Wo

The biographical details of the directors of the Company are set out under the section headed “Biographical Details of Directors and Senior Management” of this annual report.

The composition of the Board is well balanced with the directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

There is no relationship among the members of the Board.

Independent Non-executive Directors

During the year ended 31 December 2025, the Board had at all times at least three independent non-executive directors of the Company and at least one independent non-executive director of the Company who has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence with reference to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

Independent views

The Board believes that the independent non-executive directors constituting more than one-third of the Board provides adequate checks and balances that safeguard the interests of the shareholders of the Company. The independent non-executive directors are from various different backgrounds with a diverse range of business, financial services and professional experience, possessing diversified expertise, skills and experience. Their views and participation in the Board meetings and committees' meetings bring independent judgment and advice on issues relating to the Group's strategies, prospects, internal control and conflicts of interest, and ensure that the interests of the shareholders are well taken into account.

Directors have sufficient access to information relating to the Group and management or other relevant staff can be asked to join the Board meetings, where appropriate, to provide information to the directors so that the Board will be able to make informed decisions. The Board and the Board committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Board will review the implementation and effectiveness of the abovementioned mechanism on an annual basis to ensure that independent views and input are available to the Board.

Board Responsibilities and Delegation

The principal roles of the Board are to oversee the strategic development, to determine the objectives, strategies and policies of the Group, to monitor and control the financial performance and to ensure effective internal controls and risk management. 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.

Board Meetings and General Meetings

During the year, a total of fifteen Board meetings (including four regular meetings) were held and the attendance records are as follows:

Name of Directors	Number of Board Meetings Attended/Held
Jiang Zhiyong	15/15
Shi Xingzhi	15/15
Shi Shengli	15/15
Yeung Kwok Kuen	15/15
Feng Fangqing	15/15
Chu Kang Nam	15/15
Liang Xushu	15/15
Leung Ka Wo	15/15

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

Board Meetings and General Meetings (CONTINUED)

During the year, two general meetings of the Company were held and the attendance records are as follows:

Name of Directors	Number of General Meeting Attended/Held
Jiang Zhiyong	2/2
Shi Xingzhi	2/2
Shi Shengli	2/2
Yeung Kwok Kuen	2/2
Feng Fangqing	2/2
Chu Kang Nam	2/2
Liang Xushu	2/2
Leung Ka Wo	1/2

Note: Mr. Leung Ka Wo was unable to attend the general meeting of the Company due to other engagement.

Induction and Continuous Professional Development

Upon appointment to the Board, each director of the Company is provided with guideline and reference materials to enable them to be familiarised with the Group's business operations and Board's policies, as well as the general and specific duties of directors under general law (the common law and legislation) and the Listing Rules.

In compliance with Rule 3.09D of the Listing Rules, Mr. Wang Dequan, who was appointed as the executive director of the Company on 27 March 2026, received training and legal advices on 19 March 2026 and he confirmed that he understood his obligation as director of the Company.

The directors of the Company have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The continuous professional development programme comprised training seminars provided by professional bodies and reading regulatory updated materials. The costs for such trainings are borne by the Company. The Company will continue to provide and fund the continuing professional development training in accordance with Code Provision of the Code.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

Induction and Continuous Professional Development (CONTINUED)

During the year, all directors of the Company have participated in continuous professional development by reading regulatory updated materials and materials relevant to the Company's business, director's duties and responsibilities (including the director training webcasts and the directors' e-training launched by the Stock Exchange) and provided a record of training they received to the Company.

	Reading materials	Attending seminars/ briefings/e-training
Executive Directors		
Jiang Zhiyong, <i>Chairman</i>	✓	✓
Shi Xingzhi	✓	✓
Shi Shengli	✓	✓
Yeung Kwok Kuen, <i>Chief Financial Officer</i>	✓	✓
Feng Fangqing	✓	✓
Independent Non-executive Directors		
Chu Kang Nam	✓	✓
Liang Xushu	✓	✓
Leung Ka Wo	✓	✓

CHAIRMAN AND CEO

Mr. Jiang Zhiyong was appointed as the Chairman and executive director of the Company on 8 October 2024. Mr. Wang Dequan was appointed as CEO on 1 October 2025.

The roles of the Chairman and CEO are clearly defined by written terms of reference adopted by the Company in order to ensure a balance of power and authority, so that power is not concentrated in any one individual. The Chairman and the CEO are independent and not connected with each other except for being officers of the same company.

NON-EXECUTIVE DIRECTORS

All the independent non-executive directors of the Company were appointed for an initial term of one year. All directors of the Company appointed during the year are subject to re-election by shareholders of the Company at the next annual general meeting after their appointment and every director of the Company (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

BOARD COMMITTEES

For the year ended 31 December 2025, the Board had four standing Board committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to oversee particular aspects of the Company's affairs. All Board committees were established with defined terms of reference which clearly define the role, authority and functions of each committee.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The Executive Committee is composed of two executive directors, namely, Mr. Yeung Kwok Kuen and Mr. Shi Xingzhi. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations by all business units and decides on matters relating to the management and day-to-day operations of the Group. During the year ended 31 December 2025, a total of twenty-two meetings were held and all members of Executive Committee attended the meetings.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998. The current members of the Audit Committee are:

Leung Ka Wo, *Independent Non-executive Director, Chairman of the Audit Committee*

Chu Kang Nam, *Independent Non-executive Director*

Liang Xushu, *Independent Non-executive Director*

The Audit Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Audit Committee is primarily responsible for the following duties:

1. to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
2. to review and monitor the external auditor's independence objectively and the effectiveness of the audit process in accordance with applicable standard, to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. to develop and implement policy on the engagement of an external auditor to supply non-audit services, to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;
5. regarding No. (4) above:
 - i. to liaise with the Board and senior management of the Company and to meet, at least twice a year, with the Company's external auditors; and
 - ii. to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, to give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
6. to review the Company's financial control, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (CONTINUED)

7. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
8. to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
9. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
10. to review the Group's financial and accounting policies and practices;
11. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
13. to report to the Board on the matters set out in the Code;
14. to consider the major findings of internal investigations and management's response;
15. to consider other topics, as defined by the Board or handle the job assigned by the Board;
16. to review channels employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
17. to act as the key representative body for overseeing the Company's relations with the external auditor.

The Audit Committee met seven times during the year to (i) review the Group's annual and interim financial statements; (ii) review the external auditor's plan for the audit of the Group's accounts; (iii) make recommendations with respect to the reappointment of the external auditors of the Company, the remuneration and terms of engagement of the external auditors for provision of audit services; (iv) make recommendations with respect to the engagement of the external auditors to supply non-audit services; (v) review the internal control procedures and the financial reporting systems of the Group; and (vi) review the risk management and internal control review plan and reports.

Individual attendance of each member of the Audit Committee during the year ended 31 December 2025 is set out below:

Name of Members	Number of Audit Committee Meetings Attended/Held
Leung Ka Wo	7/7
Chu Kang Nam	7/7
Liang Xushu	7/7

The financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in 2005. The current members of the Remuneration Committee are:

Chu Kang Nam, *Independent Non-executive Director, Chairman of the Remuneration Committee*

Liang Xushu, *Independent Non-executive Director*

Leung Ka Wo, *Independent Non-executive Director*

Jiang Zhiyong, *Executive Director*

Yeung Kwok Kuen, *Executive Director*

The Remuneration Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Remuneration Committee is primarily responsible for the following duties:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
3. to consult the Chairman and/or the CEO about their remuneration proposals for other executive directors of the Company;
4. to make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the Company, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
5. to make recommendations to the Board on the remuneration of non-executive directors of the Company;
6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
7. to review and approve the compensation payable to executive directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and is otherwise fair and not excessive;
8. to review and approve compensation arrangements relating to dismissal or removal of directors of the Company for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
9. to ensure that no director of the Company or any of their associates is involved in deciding that director's own remuneration;
10. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
11. to deal with any other matters delegated by the Board or otherwise required by the Listing Rules, from time to time.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONTINUED)

The Remuneration Committee met four times during the year to (i) review the remuneration package of the executive directors and senior management of the Company; (ii) review the remuneration policy and structure of the directors of the Company; and (iii) review and approve the share options granted to the executive directors, senior management and staff of the Company.

Individual attendance of each member of the Remuneration Committee during the year ended 31 December 2025 is set out below:

Name of Members	Number of Remuneration Committee Meeting Attended/Held
Chu Kang Nam	4/4
Liang Xushu	4/4
Leung Ka Wo	4/4
Jiang Zhiyong	4/4
Yeung Kwok Kuen	4/4

Details of the emoluments of the directors of the Company for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.

Senior Management Remuneration By Band

The emolument of the member of the senior management of the Group for the year ended 31 December 2025 fell within the following band:

Emolument band	Number of individual
HK\$0 – HK\$1,000,000	7

NOMINATION COMMITTEE

The Company established the Nomination Committee in March 2012. The current members of the Nomination Committee are:

Chu Kang Nam, *Independent Non-executive Director, Chairman of the Nomination Committee*
Liang Xushu, *Independent Non-executive Director*
Leung Ka Wo, *Independent Non-executive Director*
Jiang Zhiyong, *Executive Director*
Feng Fangqing, *Executive Director* (appointed on 19 December 2025)

The Nomination Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (CONTINUED)

The Nomination Committee is primarily responsible for the following duties:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, to assist the Board in maintaining a board skills matrix, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships with regard to the Board Diversity Policy and other factors which are relevant to the Company;
4. to assess the independence of independent non-executive directors of the Company;
5. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the CEO;
6. to develop a policy concerning diversity of Board members, and disclose the policy or a summary of the policy in the corporate governance report;
7. to review and assess regularly the time commitment and contribution to the Board by each director as well as the directors' ability to discharge his or her responsibilities effectively;
8. to support the Company's regular evaluation of the Board's performance;
9. to make recommendations to the Board on the membership of Board committees e.g. audit committee and remuneration committee, in consultation with the Chairman and the chairmen of such committees, as appropriate; and
10. to deal with any other matters delegated by the Board.

The Nomination Committee met four times during the year to (i) review the size, composition and structure of the Board; (ii) review the board diversity policy and nomination policy; (iii) assess the independence of the independent non-executive directors of the Company; (iv) review the suitability of the directors of the Company proposed for re-election at the annual general meeting; and (v) approve the nomination and appointment of chief executive officer of the Company and recommend to the Board for approval and approve the nomination and appointment of the member of the Board committee and recommend to the Board for approval.

Individual attendance of each member of the Nomination Committee during the year ended 31 December 2025 is set out below:

Name of Members	Number of Nomination Committee Meetings Attended/Held
Chu Kang Nam	4/4
Liang Xushu	4/4
Leung Ka Wo	4/4
Jiang Zhiyong	4/4
Feng Fangqing (appointed on 19 December 2025)	1/1

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(CONTINUED)*

Each director of the Company appointed during the year is subject to re-election by shareholders of the Company at the next annual general meeting of the Company after his/her appointment and every director of the Company (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

No director of the Company is involved in fixing his/her own terms of appointment and nominations and no independent non-executive director of the Company is involved in assessing his own independence.

Nomination Policy

The Board has adopted the Nomination Policy which sets out the approach and procedures for the Board to nominate and select directors. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to his/her skills and experience, commitment, independence and reputation for integrity. The policy also lays down the following nomination procedures: the Nomination Committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

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

DIVERSITY

Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of diversity in the members of the Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy is to build and maintain a Board with a diversity of directors, in terms of skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives and monitor the implementation of this policy to ensure the effectiveness of this policy.

The Board has an appropriate mix of skills, experience and diversity which are relevant to the Company's business and governance and supports its efficiency and effectiveness. The Board's composition as at the date of this report under diversified perspectives is summarized as follows:

Category	:	Executive Directors: 6
	:	Independent Non-executive Directors: 3
Gender	:	Male: 8
		Female: 1
Age	:	40-60: 5
		Over 60: 4
Number of year as Board members	:	Over 6 years: 6
		Below 6 years: 3

CORPORATE GOVERNANCE REPORT

DIVERSITY *(CONTINUED)*

Having reviewed the Board diversity profile, the Board will continue to take initiative to identify female candidates to achieve gender diversity at the Board level. The Board will take opportunity to invite female members over time to join the Board when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender diversity. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and are committed to provide career development opportunities for female staff so that the Group will have a pipeline of female senior management and potential successor to the Board in the near future.

As at 31 December 2025, the ratio of male and female in the Group's workforce (including the executive directors and senior management) is approximately 83% and 17%, respectively. Due to the business nature and job duties, the Group may not be able to achieve half to half gender diversity between males and females at workforce level. At present, the Group has not set any measurable objectives for implementation of the diversity policies in relation to the workforce of the Group. However, the Group will consider and review from time to time such diversity policies and setting of any measurable objectives where necessary. The Group will also continue to take into account of diversity perspectives including gender diversity in its hiring.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions including, but not limited to, developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of directors and the Company's policies and practices in compliance with legal and regulatory requirements.

The Board has adopted terms of reference of the Board on corporate governance in line with the Code in March 2012.

Summary of the terms of reference on corporate governance are as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the Code and disclosures in the corporate governance report of its annual reports.

During the year, the Board reviewed and discussed the corporate governance policy and practices of the Company and the Board discharged the abovesaid responsibilities or through delegation to the Audit Committee, Remuneration Committee and Nomination Committee during the year.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Leung Lai Ming (“Ms. Leung”) was appointed as the company secretary of the Company on 16 July 2007. The biographical detail of Ms. Leung is set out under the section headed “Biographical Details of Directors and Senior Management” of this annual report.

For purpose of the Rule 3.29 of the Listing Rules, Ms. Leung has taken not less than 15 hours of relevant professional training for the year ended 31 December 2025.

DIRECTORS’ 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. The Company has made specific enquiry of all directors of the Company regarding any non-compliance with the Model Code and its code of conduct regarding directors’ securities transaction during the year ended 31 December 2025, and they all confirmed that they had fully complied with the required standards set out in the Model Code.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the policy of the Company to maintain a sound and effective risk management and internal control systems to safeguard the shareholders’ investment and the Group’s assets. No risk committee has been established and the Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness and overseeing the management of the Group in the design, implementation and monitoring of the risk management and internal control systems of the Group. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board continuously monitors the Group’s risk management framework, reviews the Group’s significant risks and conducts an annual review of the effectiveness of the risk management and internal control systems. The Board determines the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group. The Group’s risk management and internal control systems include, among others, the relevant financial, operational and compliance control and risk management procedures or policies and a well-established organizational structure with clearly defined lines of responsibilities and authorities. Each department is accountable for its daily operations and is required to implement the policies adopted from the Board from time to time.

The Board has annually reviewed the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2025, which covered all material controls, including financial, operational and compliance controls and risk management of the Group and considered that they are effective and adequate. The Board is also of the opinion that the resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit, financial reporting functions, as well as those relating to the Company’s ESG performance and reporting are adequate and sufficient.

An internal audit and supervision department is newly set up during the year ended 31 December 2025 which is responsible to perform the internal audit function during the year ended 31 December 2025 according to an annual plan and routine checking. The Audit Committee has reviewed the Company’s internal audit function and the risk management and the internal control systems for the year ended 31 December 2025 and considered that they are effective and adequate.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

The Board approved and adopted an inside information policy and procedures for the handling and dissemination of inside information. The inside information policy provides the guidelines to the directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly reminding the directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in the Model Code (Appendix C3 of the Listing Rules) and the notification of the regular “Blackout Period”.

The Company has established whistleblowing policy and system that facilitate employees of the Group and those who deal with the Group (e.g. customers, suppliers, etc) to raise concerns, in confidence, about possible improprieties in any matters related to the Group.

The Company has also established anti-corruption policies and system that promote and support anti-corruption laws and regulations.

AUDITOR’S REMUNERATION AND AUDITOR RELATED MATTERS

During the year ended 31 December 2025, the Group engaged Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited), auditors of the Company, to perform audit and non-audit services. The fees were as follows:

Nature of services	Amount <i>HK\$’000</i>
Audit services in relation to annual results	1,600
Review of interim results	500
Non-audit services (<i>Note</i>)	500
Others – outlays	42
	<hr/>
	2,642

Note: Services for agreed-upon procedures engagement.

DIRECTORS’ AND AUDITOR’S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The directors of the Company acknowledge that it is their responsibility to prepare the accounts for each financial period which give a true and fair view of the state of affairs of the Group and to present a balanced, clear and understandable assessment of the financial results and disclosures of the Group under the Listing Rules and any other rules and statutory requirements. The directors of the Company are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis.

The responsibility of the external auditor of the Company is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditors of the Company about their reporting responsibility is set out under the section headed “Independent Auditor’s Report” of this annual report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to the Bye-laws of the Company, a special general meeting of the Company (“SGM”) can be convened by a written requisition signed by the shareholder(s) of the Company holding not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company, stating the objects of the meeting, and deposited at the head office and principal place of business of the Company in Hong Kong at Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong for the attention of the Board or the company secretary of the Board. Such meeting to be called by the Board for the transaction of any business specified in such requisition should be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, but any meeting so convened shall not be held after the expiration of three (3) months from the said date.

Putting forward proposals at shareholders' meetings

The procedures for shareholder(s) to put forward proposals at SGM include a written notice of those proposals being submitted by the shareholder(s) of the Company, addressed to the Board or the company secretary of the Board at the head office and principal place of business of the Company in Hong Kong at Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The procedures for shareholders of the Company to propose a person for election as a director of the Company are available on the Company's website.

Enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing to the head office and principal place of business of the Company in Hong Kong at Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

Constitutional Document

There had been no change in the Company's constitutional documents during the year ended 31 December 2025.

Shareholders' Communication Policy

To foster effective communication with the shareholders and potential investors of the Company, the Company has developed and maintained a shareholders' communication policy.

Information of the Group is delivered to the shareholders of the Company through a number of channels, which include annual reports, interim reports, announcements and circulars published at the Stock Exchange's website. The latest information of the Group together with the published documents are also available on the Company's website.

The general meeting of the Company provides a forum for communication between the Board and the shareholders of the Company. The Board members or their delegates are available to answer questions at the general meeting.

Shareholders of the Company should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS *(CONTINUED)*

Shareholders of the Company and the stakeholders (e.g. the investment community) can mail their enquiries or comments to the head office and principal place of business of the Company in Hong Kong at Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or send through email to enquiry@tongguangold.com.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy including the steps taken at the general meetings and the handling of enquires received (if any) which were conducted during the year ended 31 December 2025, the shareholders' communication policy was found to be effective and adequate.

Dividend Policy

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "Shareholders"), provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group.

The Dividend Policy aims to provide the Shareholders with a target annual dividend payout of approximately 20% of the net profit attributable to the Shareholders in any financial year, whether as interim and/or final dividends, the declaration and payment of which is determined at the sole discretion of the Board. The total dividend recommended, declared or paid in any financial year shall not exceed 30% of the total net profit attributable to the Shareholders, unless otherwise approved by the Board.

In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board shall also take into account, inter alia:—

- (i) the actual and expected financial performance and financial conditions of the Group;
- (ii) retained earnings and distributable reserves;
- (iii) results of operation and cash flow;
- (iv) the level of the Company's debts to equity ratio and return on equity;
- (v) the ability of the Company's subsidiaries to make dividend payments to the Company;
- (vi) restrictions on payment of dividends that may be imposed on the Company by any of its financing arrangements;
- (vii) the Group's expected working capital requirements, the Group's expected capital expenditure, future expansion, other investment plans and other funding requirements;
- (viii) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group, including such legal or contractual restrictions as may apply from time to time or which the Directors may consider appropriate in the interest of the Company; and
- (ix) such other factors that the Directors deem appropriate.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS *(CONTINUED)*

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

On behalf of the Board
Tongguan Gold Group Limited

Jiang Zhiyong
Chairman and Executive Director

Hong Kong, 27 March 2026

DIRECTORS' REPORT

The directors of the Company submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 42 to the consolidated financial statements.

Further discussion and analysis of business review of the Group as required by Schedule 5 to the Company Ordinance (Chapter 622 of the laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, is set out under the sections headed "Management Discussion and Analysis" and "Chairman Statement" of this annual report. Details of major financial key performance indicators can be found in the "Management Discussion and Analysis" in this annual report. These discussion form part of this Directors' Report.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the Group's affairs as at that date are set out in the consolidated financial statements on pages 121 to 216.

The directors of the Company recommended the payment of a final dividend of HK3.2 cents per share for the year ended 31 December 2025 (2024: HK1.2 cents) to shareholders whose names appear on the register of members of the Company on 16 June 2026. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 29 May 2026.

RESERVES

Movement in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 125 of this annual report.

DONATION

Donations made for charitable purposes by the Group during the year amounted to HK\$8,735,000 (2024: HK\$3,583,000).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to shareholders, comprising contributed surplus and retained earnings, amounted to approximately HK\$176,438,000 (2024: HK\$291,665,000).

The Company's contributed surplus represents the special reserve arising upon the reorganisation of the Company. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of its assets would thereby be less than its liabilities.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

DIRECTORS

The directors of the Company who were in office during the financial year and up to the date of this report were:

Executive Directors

Jiang Zhiyong (*Chairman*)

Wang Dequan (*Chief Executive Officer*) (appointed on 27 March 2026)

Shi Xingzhi

Shi Shengli

Yeung Kwok Kuen (*Chief Financial Officer*)

Feng Fangqing

Independent Non-executive Directors

Chu Kang Nam

Liang Xushu

Leung Ka Wo

Pursuant to Bye-law 83(2) of the Bye-laws of the Company, any director of the Company appointed by the board either to fill casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Thus, Mr. Wang Dequan who was appointed as directors of the Company pursuant to Bye-law 83(2) of the Bye-laws of the Company shall retire at the forthcoming annual general meeting of the Company. Mr. Wang Dequan, being eligible, has offered himself for re-election as director of the Company.

Pursuant to Bye-law 84(1) of the Bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director of the Company shall be subject to retirement at least once every three years. Pursuant to Bye-law 84(2) of the Bye-laws of the Company, any director of the Company appointed pursuant to Bye-law 83(2) of the Bye-laws of the Company shall not be taken into account in determining which particular directors of the Company or the number of the directors of the Company who are to retire by rotation. Accordingly, Mr. Shi Shengli, Mr. Chu Kang Nam and Mr. Leung Ka Wo will retire by rotation at the forthcoming annual general meeting of the Company. Mr. Shi Shengli, Mr. Chu Kang Nam and Mr. Leung Ka Wo, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

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

As at 31 December 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	Number of share options	% of total issued ordinary shares of the Company
Directors:-		
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%
Chief executive:-		
Wang Dequan	1,360,000	0.03%

Save as disclosed above, as at 31 December 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 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.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 31 December 2025, persons (other than directors or chief executives of the Company as disclosed above) 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)	22.82%
Ma Hao	Interest in controlled corporation	Ordinary	800,000,000 (Note 3)	15.39%
Lin Eddie Chang	Interest in controlled corporation	Ordinary	600,000,000 (Note 4)	11.54%
Lam Yuk Ying	Beneficial owner	Ordinary	330,000,000	6.35%

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2025, which was 5,197,692,221.
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 Jumbo China Holding Limited which is 100% beneficially owned by Mr. Ma Hao.
4. These ordinary shares are held by Fung Wai Enterprises Ltd. which is 100% beneficially owned by Mr. Lin Eddie Chang.

DIRECTORS' REPORT

SHARE SCHEME – SHARE OPTION SCHEME

Pursuant to ordinary resolutions of the shareholders of the Company passed on 31 May 2024 and the approval 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) granted by the Listing Committee of the Stock Exchange on 6 June 2024, the Company adopted a new share option scheme on 6 June 2024 (the “New Share Option Scheme”).

Particulars of the New Share Option Scheme are set out in note 34 to the consolidated financial statements.

Summary of main terms of the New Share Option Scheme are as follows:

1. The purposes of the New Share Option Scheme are (i) to recognize and acknowledge the contributions which the Eligible Participants (as defined below) have made or may make to the Group; and (ii) to provide Eligible Participants (as defined below) with an opportunity to acquire proprietary interests in the Company with a view to achieving the objectives – (a) motivate the Eligible Participants (as defined below) to utilise their performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants (as defined below) whose contributions are or will be beneficial to the long term growth of the Group.
2. Eligible participants of the New Share Option Scheme include: (a) director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted option(s) to subscribe for ordinary share(s) of HK\$0.1 each in the capital of the Company (the “Shares”) granted pursuant to the New Share Option Scheme, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries) (the “Employee Participants”); (b) person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including (i) mining contractors; (ii) exploration and drilling experts; (iii) refinery experts; and (iv) gold-recycling and retail business service providers who work(s) for the Company as independent contractors where the continuity and frequency of their services are akin to those of employees (the “Service Providers”); and (c) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (the “Related Entity Participants”) (collectively “Eligible Participants”).
3. When the New Share Option Scheme was approved by the shareholders of the Company on 31 May 2024 and adopted on 6 June 2024, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options and awards to be granted under the New Share Option Scheme and any other share option scheme(s) or share award scheme(s) adopted by the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the adoption of the New Share Option Scheme, i.e. 407,027,222 Shares (the “Scheme Mandate Limit”). The Company may renew the Scheme Mandate Limit with shareholders’ approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders’ approval.

As at 27 March 2026, the total number of Shares available for issue under the New Share Option Scheme was 326,297,222 representing approximately 6.1% of the issued ordinary share capital of the Company.

DIRECTORS' REPORT

SHARE SCHEME – SHARE OPTION SCHEME (CONTINUED)

4. Unless otherwise approved by shareholders of the Company in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme to each participant in any 12-month period must not exceed 1% (except for substantial shareholders, as defined in the Listing Rules, or independent non-executive director of the Company, or any of their respective associates, as defined in the Listing Rules, must not exceed 0.1%) of the issued ordinary share capital of the Company from time to time.
5. An option shall be exercised in whole or in part in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.
6. The vesting period for options shall not be less than 12 months after the date of the offer of grant of the option, subject to a shorter vesting period at the discretion of the Board (or the remuneration committee of the Company where the arrangements relate to grant of options to directors and/or senior managers of the Group) under certain specified circumstances in relation to options granted to the Employee Participants.
7. An option shall be accepted by a participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within 21 days from the date of the offer of grant of the option.
8. The subscription price for Shares under the New Share Option Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Board, but shall be at least the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations on the date of grant which must be a business day, (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share.
9. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on 6 June 2024. As at 31 December 2025, the remaining life of the New Share Option Scheme was approximately 8 years and 6 months.

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 Shares. No share options have been vested during the year ended 31 December 2025.

Further details of the New Share Option Scheme are summarized in the circular of the Company dated 22 April 2024.

DIRECTORS' REPORT

SHARE SCHEME – SHARE OPTION SCHEME (CONTINUED)

Details of the movement of share options granted under the New Share Option Scheme during the year ended 31 December 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 year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 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	
Chief executive											
Wang Dequan	30 May 2025	HK\$1.92	Note 3	Note 4	-	1,360,000	-	-	-	1,360,000	1.73
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	-	-	(70,000)	49,750,000	1.73
	30 May 2025	HK\$1.92	Note 3	Note 4	-	19,780,000	-	-	(740,000)	19,040,000	1.73
					-	73,630,000	-	-	(810,000)	72,820,000	
					-	81,540,000	-	-	(810,000)	80,730,000	

DIRECTORS' REPORT

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
The first trading day after 36 months (3 years) from 30 May 2025	50%
The first trading day after 60 months (5 years) from 30 May 2025	50%

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
The first trading day after 12 months (1 year) from 30 May 2025	10%
The first trading day after 24 months (2 years) from 30 May 2025	10%
The first trading day after 36 months (3 years) from 30 May 2025	20%
The first trading day after 48 months (4 years) from 30 May 2025	30%
The first trading day after 60 months (5 years) from 30 May 2025	30%

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 Notes 4 and 34 to the consolidated financial statements respectively.

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 10% of the total issued ordinary share capital of the Company. As at 31 December 2025, the total number of options available for grant under the New Share Option Scheme was 326,297,222 Shares, representing 6.3% of the total issued ordinary shares of the Company. As at 1 January 2025 and 31 December 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 1.0% and 0.8% 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 year ended 31 December 2025 divided by weighted average number of Shares in issue (excluding treasury shares, if any) for the year ended 31 December 2025 is 1.8%.

Apart from the foregoing, at no time during the year was the Company, or any of its subsidiaries was a party to any arrangement 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.

DIRECTORS' REPORT

CONVERTIBLE BOND

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 to Tongfei Investment Limited 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 ordinary 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 31 December 2025, the entire principal amount of the Convertible Bond remained outstanding and no Convertible Bond was converted into new ordinary shares of the Company by Tongfei Investment Limited.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The permitted indemnity provision is in force for the benefit of the directors of the Company as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Directors' report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors of the Company and officers of the Group throughout the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections headed “Share Scheme – Share Option Scheme” and “Convertible Bond” above, no equity-linked agreements were entered into by the Group, or existed during the year.

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

The Company has not redeemed any of its listed securities during the year ended 31 December 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DIRECTORS' REPORT

CONNECTED TRANSACTION

None of the “Related party transactions” as disclosed in note 45 to the consolidated financial statements for the year ended 31 December 2025 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above “Related party transactions” constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group’s sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group’s total Sales	Purchases
The largest customer	62	
Five largest customers in aggregate	93	
The largest supplier		29
Five largest suppliers in aggregate		52

Sales to the five largest customers of the Company accounted for 93% of the Company’s sales related to the sale of gold concentrates and gold bullion. Due to the fact that pricing for the Company’s gold concentrates and gold bullion products is based on prevailing market prices in accordance with the contract with the customers, the Company does not consider there to be any risks associated with reliance on major customers. The Company considers that its pricing structure based on prevailing gold prices mitigates against any adverse effects from concentration on a few customers. The Company would continue explore business opportunities with other potential customers.

At no time during the year have the directors of the Company, their close associates or any shareholders of the Company (which to the knowledge of the directors of the Company owns more than 5% of the Company’s issued share capital) had any interest in these major customers and suppliers.

COMPETING INTEREST

None of the directors of the Company or their respective close associates had any interest in a business which competes with or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholdings in the Company if new shares of the Company are issued.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holding of the Company’s securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2025 and at any time up to the date of this annual report.

DIRECTORS' REPORT

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 28 to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

RETIREMENT SCHEMES

Details of the retirement benefit schemes operated by the Group are set out in note 44 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out under the section headed "Corporate Governance Report" of this annual report.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited) ("Rongcheng"). Rongcheng acted as the auditors of the Company for the financial year ended 31 December 2023, 2024 and 2025.

Rongcheng will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of Rongcheng as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Tongguan Gold Group Limited

Jiang Zhiyong
Chairman and Executive Director

Hong Kong, 27 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE COMPANY

Tongguan Gold Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”, “our” or “we”) are principally engaged in (i) the gold exploration, development and mining production activities, and (ii) gold recycling, which is purchasing the gold related materials, refining and sale of gold bullion.

The environmental, social and governance (“ESG”) concept is increasingly significant to global business development. In March 2021, China rolled out its 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), reaffirming its commitment and ambition to pursue a sustainable development strategy, enhance mechanisms for improving ecological civilization, establish a sound ecological civilization system, accelerate the prosperity of a green economy and society, and progress towards the vision of building a Beautiful China (美麗中國). The importance of building a Beautiful China over the next five years has been further underscored at the National Conference on Ecological and Environmental Protection in July 2023.

As a responsible gold mining enterprise, the Group adheres to the responsible gold mining principles and strives to implement its sustainability strategies and fulfil its environmental and social responsibilities in its business operations. To achieve sustainable and resilient operations, we strive to deliver strong performance across all three ESG pillars.

In promoting responsible gold mining practices and enhancing ESG performance, we place emphasis on environmental protection and social well-being of our employees, as well as our partners and communities associated with its business activities. Accordingly, we have undertaken a comprehensive and ongoing effort to span various functions and to involve a high level of external collaboration, robust governance and efficient project management.

MESSAGES FROM THE BOARD

Dear valued stakeholders,

The Group recognises that the mining industry can have significant impacts on the natural environment and human health if sustainability considerations are not properly integrated into business operations. As a growing gold mining operator, we acknowledge our corporate social responsibility and are committed to optimising our business model while minimising potential adverse social and environmental impacts through innovative solutions. We strive to embed sustainability at the core of our business strategy and corporate purpose, positioning it as a key driver of resilience and long-term development. ESG mindsets, principles and best practices are integrated into our daily operations to create sustainable strategic value. In addition, targets are established and reviewed on a regular basis, with progress disclosed transparently to continuously refine and enhance the Group’s management approach.

Fulfilling environmental responsibilities

In 2020, China announced its national targets to achieve carbon peak by 2030 and carbon neutrality by 2060. At the same time, the government has been promoting the transition of the mining industry towards low-carbon operations.

In response, the Group has actively advanced its decarbonisation efforts, recognising the growing demand for green metals and the national policy direction encouraging low-carbon industrial development. To maintain competitiveness, we place strong emphasis on setting climate-related targets and formulating a Climate Policy that guides our management approach and operational practices in mitigating and adapting to climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGES FROM THE BOARD *(CONTINUED)*

Fulfilling environmental responsibilities *(CONTINUED)*

To promote the integration of Production, Life and Ecosystem (生產、生活、生態), the Group has continually strengthened and improved its environmental management system. The latest regulatory requirements of governments are studied and adopted, which include the Classification of Solid Mineral Tailings (《固體礦產尾礦分類》), Specifications for Sample Proportioning of Mineral Processing (《固體礦產選冶試驗樣品配製規範》), and Codes for Utilisation of Solid Mine Waste (《礦山固體廢棄物資源化利用指標及計算方法》). Meanwhile, dedicated internal teams have been established to monitor and manage potential environment-related risks. Environmental protection and performance monitoring taskforces are established to develop a corporate environmental protection network. The network comprises corporate leaders and other personnel and convenes relevant meetings for internal communication and coordination. The taskforces, consisting of management representatives and qualified technical professionals, possess necessary expertise and knowledge to oversee and implement environmental protection initiatives across the Group.

To archive environmental protection data and timely report to the management, all departments and employees have conscientiously followed the relevant policies and regulations, organised internal environmental monitoring, mastered the original records, established the operating account of environmental protection facilities, and fulfilled their responsibilities.

Caring for people's wellbeing

The health and safety of our workforce and surrounding communities remain our utmost priority. Guided by our core value of “Putting People's Health & Safety In The First Place” (以人為本、生命第一), the Group has developed internal mechanisms and formulated teams to coordinate operational responses and launch protective protocols. We have strictly adhered to safety regulations in the jurisdictions where it operates, including the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》).

The Group is committed to fostering and strengthening a strong safety culture across the organisation. We strive to provide all employees with a safe working environment, reliable equipment and comprehensive occupational health and safety training. Proactive risk management practices are embedded throughout our operations, with systematic hazard identification conducted across all operational processes.

Rather than viewing ESG as merely a compliance obligation, we regard it as a forward-thinking and sustainable approach to creating value. In the future, we aim to unlock greater opportunities for sustainable growth, decarbonise our value chain, and expand our positive impact on society.

Finally, we would like to express our sincere appreciation to all our employees for their continued dedication to upholding our values and principles, and our stakeholder communities for their partnership and support. We are pleased to present the ESG report for the financial year 2025, which highlights the Group's progress in its sustainability journey and our steadfast commitment to advancing responsible mining across the industry.

Board of Directors of Tongguan Gold Group Limited
27 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present its twelfth ESG report (the “Report”) to demonstrate the sustainable initiatives, programmes and performances.

The information of the Report was collected through the official documents and statistics, the integrated information on supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group.

Reporting Scope and Period

The Report presents our ESG performance from 1 January 2025 to 31 December 2025 (the “Reporting Period”). Unless otherwise specified, the reporting scope of the Report remains the same as last year, covering the Group’s major business activities and management policies of its gold mining operations, office operations and gold recycling business.

Report Standards and Principles

The Report has been prepared in strict adherence to Appendix C2 – Environmental, Social and Governance Reporting Code (the “Code”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEX”).

The preparation of the Report follows the reporting principles listed in the Code:

Materiality	<p>The Reporting scope of the Report is set, and the material ESG topics are determined in consideration of the principle of Materiality.</p> <p>A holistic approach is adopted throughout the report preparation process to generate a valuable, credible and useful ESG report.</p>
Quantitative	<p>The key performance indicators (“KPIs”) of the Group are disclosed in a quantitative manner where appropriate to generate a comprehensive view of the Group’s ESG performance. The data is collected and calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” and Appendix 3: Reporting Guidance on Social KPIs” of “How to Prepare an ESG Report” by HKEX.</p>
Consistency	<p>A consistent approach is adopted in methodologies, data collection and calculation for meaningful comparisons of ESG data over time.</p> <p>The GHG emissions data have been prepared in line with widely recognised standards, including the recommendations from “How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” issued by HKEX and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT *(CONTINUED)*

Access to this Report

The Report is available in English and Chinese and is uploaded to the website of HKEX and the official website of the Company (<http://www.tongguangold.com>). If there is any conflict or inconsistency, the English version shall prevail.

Stakeholder Feedback

We highly value the opinions of our stakeholders and the public about this Report. Your feedback and advice are welcome to enhance and strengthen the ESG approach and performance of the Group. Should you have any enquiries or suggestions, please share your opinions and comments with the Group by post:

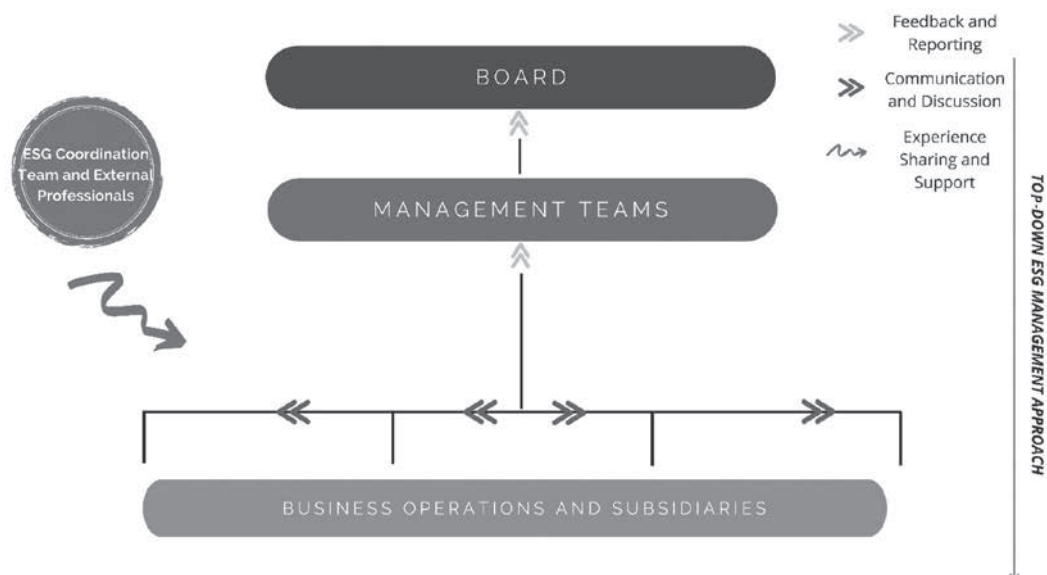
Postal address: Room 2707A, 27/F, Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

SUSTAINABILITY GOVERNANCE

To create long-term value for all stakeholders, the Group incorporates and considers ESG elements in all business operations and decisions in adhering to the following sustainability principles:

- Promotion of environmental education
- Improvement of the environmental management system
- Strengthening assessment and supervision
- Optimisation of governance framework
- Implementation of an accountability mechanism in delivering environmental targets
- Exploration of the application of clean energy
- Building of a “green” corporate culture
- Acceleration of technological transformation and innovation; and
- Transformation into intensive pollution control mode

The Group is committed to building a robust corporate governance that champions strong ESG management and emphasises the integration of ESG risks and opportunities into its enterprise risk management system. Recognising the strategic importance of ESG, the Group has formulated a top-down management approach to ensure effective oversight and implementation.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY GOVERNANCE *(CONTINUED)*

Board of Directors

The Board of Directors (the “Board”) of the Company bears the primary and ultimate responsibility for overseeing ESG-related matters, including the execution and effectiveness of relevant ESG policies, reporting and other associated initiatives. The implementation of ESG risk management is monitored through clearly defined metrics, and the Board regularly reviews the Group’s progress towards its sustainability goals through Board meetings and management presentations.

Having embedded its recognition of climate change and commitments to climate risk mitigation and adaptation into the Group’s business strategy and decision-making processes, the Board assumes the highest level of strategic oversight for all climate-related matters. Climate-related risks and opportunities are evaluated, prioritised and managed based on the results of materiality assessments, with the objective of safeguarding long-term value creation.

With the support of internal teams and the expertise of external professionals, the Board supervises environmental and social risk assessments across the Group. To promote the integration of ESG considerations into business decisions, the Board fosters an ESG-oriented corporate culture through a structured top-down approach.

Management Teams

The Management teams are primarily responsible for identifying, evaluating, consolidating and addressing ESG-related risks arising from operations, and for overseeing the effective implementation of the Group’s policies by all employees. They also play a vital role in maintaining efficient communication between the Board and frontline staff, ensuring that strategic directions are effectively translated into operational practices.

Under the leadership of the Board, strategies, policies and targets relating to climate change are cascaded through the organisation and proactively managed by the Management teams and subsequently by the Climate Task Force (comprising the Leadership Team and the Implementation Team). This central body convenes at least once every 12 months to review and discuss the implementation of climate-related policies and initiatives.

To further strengthen governance over climate-related risks, the Group has established a structured climate self-assessment framework. The framework assesses the Group’s preparedness in addressing climate-related risks and acts as a tool for reviewing the completeness and effectiveness of the Group’s Climate Policy. It comprises a series of yes/no questions organised around six key elements, representing the major areas an enterprise should focus on to identify and control climate-related risks. These elements are aligned with internationally recognised recommendations and standards. The self-assessment serves as a practical evaluation tool for members of the Climate Task Force to assess critical climate change issues in business operations. The assessment is conducted on an operational control basis and is completed by the Leadership Team within the Climate Task Force on a regular basis, at least by the end of every financial year.

Guided by the Board and Management, sustainability strategies have become an integral part of the Group’s operations. The Group adopts tailored approaches to address different ESG risks and continuously reviews and updates its sustainability policies to comply with evolving regulatory requirements, meet stakeholder expectations and align with the broader transition towards sustainability.

In addition, the Group has also engaged an independent consultant, Riskory Consultancy Limited, to provide ongoing support on improving the Group’s climate policies and resilience, with updated newswire and research findings being developed to inform our Directors and Senior Management in making decisions.

For further details on our corporate governance, please refer to the “Corporate Governance Report” of the Annual Report 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group highly values the feedback from its stakeholders as they are critical of the Group's operation and management. During the Reporting Period, the Group consistently engaged with its stakeholders and responded to their significant concerns in a timely manner.

To ensure barrier-free communication with key stakeholder groups, the Group utilises different platforms and maintains different communication channels as follows:

Stakeholders	Expectations and Concerns	Communication Channels and Responses
Government and Regulatory Authorities	<ul style="list-style-type: none"> - Compliance with laws and regulations - Anti-corruption policies 	<ul style="list-style-type: none"> - Supervision on the compliance with local laws and regulations - Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> - Return on investments - Corporate governance - Business compliance 	<ul style="list-style-type: none"> - Regular reports - Announcements - General meetings - Official website of the Group
Employees	<ul style="list-style-type: none"> - Employees' remuneration and benefits - Career development - Health and safety in the workplace - Education on environmental protection - Smooth internal communication 	<ul style="list-style-type: none"> - Performance appraisals - Regular meetings and training - Emails, notice boards, hotline, and team building activities with the management
Customers	<ul style="list-style-type: none"> - Production quality assurance - Protection of customers' privacy and rights 	<ul style="list-style-type: none"> - Customers' satisfaction surveys - Face-to-face meetings and onsite visits - Customer service hotline and emails
Suppliers	<ul style="list-style-type: none"> - Fair and open procurement - Win-win cooperation - Environmental protection - Protection of intellectual property rights - Insistence on sustainable development 	<ul style="list-style-type: none"> - Open tendering - Contracts and agreements - Suppliers' satisfaction assessment - Telephone discussions - Face-to-face meetings and onsite visits - Industry seminars
General Public	<ul style="list-style-type: none"> - Involvement in communities - Business ethics - Environmental protection awareness - Consumption of packaging materials 	<ul style="list-style-type: none"> - Media conferences and responses to enquiries - Public welfare activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

To provide stakeholders with a comprehensive, objective, and scientific overview of our corporate performance, we conducted an annual internal interview to identify and prioritise material ESG issues that could have a significant impact to both the Group's business and our stakeholders by conducting an annual internal review. The Group commissioned Riskory Consultancy Limited to conduct an internal materiality assessment. Through the application of professional analytical models and structured communication mechanisms, we obtained deeper insights into the ESG risks and opportunities associated with the Group's main businesses. This assessment process enables the Group to accurately identify key materiality issues, ensuring that our ESG strategies and resource investments effectively address societal expectations while continuing to create long-term value for our stakeholders and society.

In terms of the assessment process, the Group considers multiple dimensions, including but not limited to:

- Combining the Group's actual business operation characteristics and industry development trends;
- Referring to Sustainability Accounting Standards Board (SASB) guidelines and MSCI industry materiality classification guidelines;
- Analysing peer disclosure practices; and
- Closely monitoring national macroeconomic policy guidance and capital market dynamics.

To achieve the Group's sustainable development plans and goals, we will adjust our business strategies and sustainability initiatives according to the materiality assessment result. A three-step approach is adopted to confirm the material topics:

1. Identification

We identified 40 ESG issues spanning the three pillars, including environmental, social and governance. The list was compiled by reviewing last year's results alongside the latest Stock Exchange requirements, SASB standards, MSCI's Industry Materiality Map, and peer benchmarking.

2. Review

The Group analysed these issues to evaluate their impact and relevance, resulting in a prioritised list that reflects the overall materiality of each topic.

3. Confirmation

After redefining and finalising the materiality rankings, 8 key issues were identified as "Most Important" for the Reporting Period. The assessment results are conducive to informing us of our strategic sustainability goals and are presented throughout the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT (CONTINUED)

3. Confirmation (CONTINUED)

ESG issues	Materiality level
Environmental	
Land Use, Ecosystem and Biodiversity	Most Important
GHG Emissions	
Air Pollution	Important
Solid Waste Management	
Energy Management	
Water & Wastewater Management	
Materials Management	
Renewable and Clean Energy	
Local Environmental Protection	
Packaging Material Management	Relevant
Social	
Occupational Health and Safety	Most Important
Communication and Engagement with Suppliers	
Social Risk Management of Supply Chain (e.g. human rights or corruption)	
Business Ethics & anti-corruption	
Product Quality	Important
Diversity & Equal Opportunity	
Employee Remuneration and Benefit	
Employee Development and Training	
Preventing Child and Forced Labour	
Labour Practices	
Environmental Risk Management of Supply Chain (e.g. pollution)	
Intellectual Property Rights	
Customer Privacy and Data Security	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT (CONTINUED)

3. Confirmation (CONTINUED)

ESG issues	Materiality level
Social	
Green Procurement	Relevant
Supply Chain Materials Sourcing & Efficiency	
Health and Safety Relating to Products/Services	
Customers Welfare	
Marketing and Promotion	
Labelling Relating to Products/Services	
Product Design & Lifecycle Management	
Access & Affordability	
Community Engagement	
Participation in Philanthropy	
Cultivation of Local Employment	
Support of Local Economic Development	
Corporate Governance and others	
Critical Incident Risk Responsiveness	Most Important
Management of the Legal & Regulatory Environment (regulation-compliance management)	Important
Systemic Risk Management (e.g. Financial Crisis)	
Internal Communication & Grievance Mechanism	Relevant
Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY

Management Approach

Balancing business development and ecological protection is one of the key tasks of the Group. We have always committed to fulfilling the environmental requirements, and strictly comply with all applicable laws and regulations in Hong Kong and the PRC, including but not limited to:

- Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》);
- Law of the People's Republic of China on Environmental Impact Assessment 2018 (《中華人民共和國環境影響評價法》);
- Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》);
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》);
- Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》);
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》);
- Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》);
- Regulations on Administration of Pollutant Discharge Permits (《排污許可管理條例》);
- Emission Standard for Industrial Enterprises Noise at Boundary GB 12348-2008 (《工業企業廠界環境噪聲排放標準》);
- Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill GB 18599-2001 (《一般工業固體廢物貯存、處置場污染控制標準》);
- Technical Policy for Pollution Prevention and Control in the Gold Industry (《黃金工業污染防治技術政策》); and
- Guiding Opinions on the Comprehensive Utilisation of Bulk Solid Waste during the 14th Five-Year Plan Period (《「十四五」關於大宗固體廢棄物綜合利用的指導意見》).

To identify and handle environment-related issues in business operations, a dedicated Environmental Protection Department or Environmental Production Protection Department is formed by professional management staff. During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions

Guided by the philosophy that “lucid waters and lush mountains are invaluable assets” (綠水青山就是金山銀山), the Group remains committed to scientific and green development. We operate in compliance with applicable industry regulations and standards, and actively promote the development of a circular economy based on the principles set out below:

Reduce at source (源頭減量)	Control in the process (過程控制)	Remedy at the end (末端治理)	Resource Utilisation (資源化利用)
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In alignment with the Technical Policy of Gold Industrial Pollution Control, the Group has implemented various measures to minimize its environmental impact in accordance with the recommended pollution control approaches. Our efforts are centred on the following three key priorities:

- Enhancing energy efficiency across mining operations;
- Assessing and advancing the implementation of environmentally friendly facilities; and
- Accelerating the transition from fossil fuel dependence towards a low-carbon energy model.

Air emissions

Sulphur oxides (“SO_x”) and nitrogen oxides (“NO_x”) were the primary air pollutants from the mining process. Particulate matter (“PM”) was mainly generated from fuel combustion for machinery operations, vehicle transportation and other operational processes.

During the Reporting Period, the data for air emissions are as follows:

Air emission ^{1, 2}	Unit	2025	2024
SO _x ³	Kg	10.7	4.1
NO _x ³	Kg	4,868.6	1,069.6
PM ³	Kg	612.5	76.9

1. Air emissions included only the air pollutants in the exhaust gas from vehicles for transportation.
2. In light of the significant changes in the Group’s business operations between 2024 and 2025, readers are encouraged to refer to the “Reporting Scope and Period” section to better assess the Group’s performance. This consideration also applies to the remainder of the data disclosed in this Report.
3. In light of the changes in the Group’s business operations in 2025, the number of vehicles deployed increased, leading to a material variance compared with 2024.

To effectively reduce air emissions, staff are encouraged to replace gasoline vehicles with electric vehicles and carpool together.

Waste Management

The Group’s hazardous waste mainly consists of chemical containers generated from our gold mining operations. As for the non-hazardous waste, it mainly consists of tailings and sludge generated from our gold mining business and domestic operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Waste Management (CONTINUED)

During the Reporting Period, the data for hazardous and non-hazardous waste are as follows:

	Unit	2025	2024
Hazardous Waste	Tonnes	21.43	24.27
Intensity ^{1,2}	Tonnes/revenue (HK\$ million)	0.01	0.02
Non-hazardous Waste	Tonnes	747,856	694,538
Intensity ^{1,2}	Tonnes/revenue (HK\$ million)	312.10	533.12

1. As the revenue grew at a faster rate than the change in hazardous and non-hazardous waste generation, the Group's waste intensities recorded a significant change.
2. Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

Hong Kong Office

Only indirect GHG emissions, municipal solid waste and wastewater were generated in the Hong Kong office. No hazardous waste was generated during the Reporting Period.

i. GHG Emissions

Indirect GHG emissions were generated by the Hong Kong office mainly due to the consumption of purchased electricity. Despite not being a carbon-intensive business, the Hong Kong Office has proactively aligned with the Hong Kong Climate Action Plan 2050 and supported its goal to achieve carbon neutrality before 2050.

A series of measures has been adopted to reduce electricity consumption:

- Promoting the use of multi-media systems and the internet to minimise the frequency of and dependence on business travel;
- Encouraging employees to use public transportation or carpool when possible; and
- Taking an initiative through actions, including avoiding unnecessary printing

More details of actions in saving electricity and improving energy efficiency are further disclosed in the next subsection under Electricity and Other energy resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Hong Kong Office (CONTINUED)

ii. Solid Wastes

Commercial solid waste generated by the Hong Kong office mainly comprised general office waste. A centralised waste collection bin is provided within the office premises to facilitate proper disposal. Packaging materials from takeaway food were for reuse where practicable. Non-recyclable municipal solid waste produced by the office was managed by the building's property management and subsequently transferred to government-designated landfills for final disposal.

To reduce commercial wastes, employees are encouraged to change their behaviours in daily operations by reducing, reusing and recycling. The Group has also provided effective training and implemented the Waste Classification System.

iii. Wastewater

Commercial wastewater was the primary wastewater generated from the Hong Kong Office. The wastewater was directly discharged into the building sewerage network and handled by the property management. To reduce water consumption in the office, various effective measures were adopted by the Group, which will be further presented in the next subsection under Water.

Gold Recycling and Gold Mining Businesses

Minimal emission was generated by the gold recycling segment. It solely involve the sale of physical gold bullion by purchasing gold-related materials from other supply chain players and refining by subcontractors. In addition, the office of the gold mining business in the PRC also involves gold recycling operation.

During the Reporting Period, the principal emissions in the gold mining business of the Group included GHG emissions from the electricity consumption and combustion of fossil fuels and coal for industrial operations, SO_x, NO_x, smoke, slag, dust, noise, wastewater, tailings, mine waste, rock waste and domestic waste from workers during the mining process.

The Group conducts comprehensive environmental impact assessments for facility expansions and mining operations in strict compliance with government requirements, ensuring that emissions from mining sites are effectively monitored and managed. To further mitigate environmental impacts, the Group procures operational facilities in accordance with national standards, including dust removal equipment, desulfurisation and denitrification devices. Internal training and assessments are strengthened to enhance employees' environmental awareness and compliance during construction and operational activities. Automatic technologies and processes are deployed in production workshops to reduce waste discharge and facilitate the comprehensive recycling and reuse of water resources. In addition, the Group continuously optimises its production processes to improve overall recycling rates.

1. Air and GHG Emissions

Electricity consumption, fuel usage (including gasoline) and dust generated during mining activities, such as blasting, hauling, crushing and rock stockpiling, are the primary sources of air and GHG emissions. Exhaust emissions are produced by heavy machinery used in mining and ore transportation, as well as by light vehicles transporting employees between dormitories and mining sites.

To mitigate adverse impacts on surrounding areas, the Group has established and implemented a series of internal policies and control measures in strict compliance with national and local regulatory requirements. For dust suppression and control, professional equipment and facilities that meet national standards, including bag-house dust collectors and enclosed hoods, have been installed to ensure on-site air quality compliance. To further reduce dust along mining sites and ore transportation routes, the Group strictly implements the Six Major Systems for field operations, including wet drilling and blasting techniques, as well as sprinkler systems installed on vehicles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Gold Recycling and Gold Mining Businesses (CONTINUED)

1. Air and GHG Emissions (CONTINUED)

Recognising the importance of advancing towards low-carbon operations, the Group is committed to decarbonising its activities to mitigate and adapt to climate change. We actively explore opportunities related to low-carbon and energy-efficient technologies, including fuel switching, the potential adoption of renewable energy sources, and incorporating energy efficiency as a key consideration in procurement decisions.

More internal policies reducing air and GHG emissions from mining operations are outlined under A2. Use of Resources.

2. Solid Waste

The Group's mining operations generate industrial solid waste, primarily including tailings, waste rock, mineral processing waste, and other hazardous and non-hazardous materials. During the Reporting Period, domestic solid waste generated by employees mainly comprised paper, glass and plastic products, which were properly sorted, recycled and handled by certified municipal authorities.

Tailings and mineral processing waste represent the two principal by-products of gold mining and processing. To achieve the objective of zero harm to people and the environment from tailings facilities, the Group benchmarks against the Global Industry Standard on Tailings Management and strictly implements the "Work Plan for Preventing and Resolving Tailings Pond Safety Risks" (《防範化解尾礦庫安全風險工作方案》).

During the Reporting Period, tailings were stored in designated internal tailings storage facilities. Processing systems for fine-grained, water-bearing tailings were established, comprising three main components: plunger pump tailings transportation systems, tailings ponds and return pumping station facilities, with return water fully recycled. Upholding a "zero waste" philosophy, the Group strives to maximise the recycling rate of tailings. After processing, tailings are transported to tailings ponds for proper storage and management.

Hazardous waste is strictly segregated from general waste and stored in dedicated warehouses equipped with stringent monitoring systems. Such waste is contained in specialised containers and managed in accordance with the Guiding Opinions on Comprehensive Utilisation of Bulk Solid Waste During the 14th Five-Year Plan (《關於「十四五」大宗固體廢棄物綜合利用的指導意見》) and the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》).

Employees responsible for handling hazardous waste are provided with protective clothing and equipment that meet national standards. Strict operating procedures and control systems have been established, and certified third-party companies are regularly engaged for the recycling and disposal of hazardous waste.

To promote good practices in construction, operation, maintenance, monitoring and the disposal of waste, the Group has formulated and consistently reviewed its Solid Waste Stewardship Strategy to promote best practices in construction, operation, maintenance, monitoring and waste disposal, ensuring sound management of tailings, waste rock and other valuable solid waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Gold Recycling and Gold Mining Businesses (CONTINUED)

3. Wastewater

Wastewater generated from mining operations primarily comprises industrial sewage from production processes and domestic wastewater from employees. In line with the principle of a “Circular Economy”, the Group has set a target of “Zero Water Discharge” for its mining operations. During the Reporting Period, wastewater was fully recycled on-site for purposes such as planting and irrigation, achieving a practically 100% recycling rate.

In accordance with national standards and its comprehensive water management plans, the Group emphasises internal wastewater treatment and recycling. Sedimentation tanks, automatic valveless filters and drainage ditches have been installed around mining areas, with catch basins established in mining pits. To facilitate the recycling of industrial wastewater, automated systems such as drainage pump stations have been deployed on site.

All industrial wastewater is required to undergo treatment in sedimentation tanks, where floating sludge is collected and transferred to certified external environmental organisations for proper disposal. Treated effluent is either reused for agricultural irrigation or discharged in compliance with applicable standards.

Case Study: The Mining Sites Owned by Grand Gallant Group

Two adjacent underground water storage tanks are installed at the mining site to perform sedimentation functions. In addition, a surface reservoir is constructed above ground. Water collected in the underground tanks is conveyed via pipelines to the surface reservoir.

The reservoir is equipped with a pump station, where the water pumps and pipelines are mechanically connected. Water stored in the reservoir is reused as production water in the mineral processing plant. Sediment accumulated in the underground water tanks is manually removed and subsequently fed into the mineral processing process together with the ore extracted from the mine.

Production water used in mineral processing is recycled within the system and is not discharged to workers’ residential areas. Wastewater is treated through a “fertiliser pool” sewage treatment facility. After purification and treatment, the water is pumped for reuse in plant irrigation and dust suppression activities.

The Group’s site-level environmental teams are responsible for overseeing water management, including the supervision and coordination of sustainable water use and sewage treatment. Through the effective implementation of internal policies and operational practices, domestic and industrial wastewater generated from mining activities complies with the Integrated Wastewater Discharge Standard (GB 8978-1996) (《污水綜合排放標準》). Wastewater of different characteristics and properties is collected, stored and treated separately in designated facilities and specialised containers to ensure proper handling and regulatory compliance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Noise

Heavy machinery and drilling equipment were the primary sources of the noise emissions of the Group's noise emissions. Dedicated professional teams have been established to assess the operational impacts, including noise generated during operations, and to conduct participatory noise monitoring sessions in surrounding areas. We are committed to ensuring that vehicles and machinery operate within prescribed noise limits and have implemented measures to promote the proper use of hearing protection equipment by employees.

To reduce noise impacts on nearby communities, the Group has adopted a range of noise mitigation measures and facilities in strict accordance with national and local regulatory requirements, including the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) (《工業企業廠界環境噪聲排放標準》). For instance, careful design considerations are given to the size and configuration of windows and facility layouts to enhance overall noise control performance.

To further strengthen noise management, the Group has adopted low-noise equipment and high-performance pumps with enhanced noise reduction capabilities. Shock-absorbing pads, air compressors and mufflers have also been installed on site. In addition, advanced mining technologies, such as millisecond deep-hole blasting and drilling machines utilise wet rock drilling techniques to reduce friction-induced noise.

Trend Analysis and Goals

1. GHG emissions

Target	Aligning with the global trend of decarbonisation and the national carbon neutrality goal by 2060, the Group has been focusing on the control of its GHG emissions.
Proposed Steps	<p>The Group applies innovative technologies, optimises production processes and strengthens internal monitoring and management of energy consumption to increase energy efficiency.</p> <p>The Group will seek opportunities to offset its carbon emissions through investment and planting activities.</p>

2. Solid waste

Target	<p>Based on an in-depth analysis, the Group believes that an indefinite target that aims to ensure no catastrophic or major environmental incidents in relation to its tailings management is appropriate at the current stage.</p> <p>The Group commits to achieving “Zero Discharge of Solid Waste” by fully integrating Circular Economy into practices in the long run.</p>
Proposed Steps	The Group commits to allocating more resources to implement its Sustainable Waste Management that steadily intensifies efficient extraction and overall utilisation of valuable components of tailings through external partnerships and internal growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A2. Use of Resources

Electricity, gasoline, diesel, coal, water and paper were the main resources consumed by the Group during the Reporting Period. No packaging materials were required or consumed by the gold mining and gold recycling businesses as the final products of the Group are gold products that are sold by pour-out.

During the Reporting Period, the data for resource consumption are as follows:

Use of Resources	Unit	2025	2024
Energy¹			
– Electricity (Indirect Energy)	MWh	87,321.8	76,617.1 ²
– Diesel (Direct Energy) ^{1,3}	MWh	5,368.2	1,842.9
– Gasoline (Direct Energy) ^{1,3}	MWh	1,281.9	754.4
– Coal (Direct Energy)	MWh	4,656.2	4,311.3
– Natural Gas (Direct Energy) ¹	MWh	47.8	/
Total energy consumption	MWh	98,675.9	83,525.6
Intensity⁴	MWh/revenue (HK\$ million)	41.2	64.1
Water			
Total water consumption³	M³	73,284	54,740
Intensity⁴	M³/revenue (HK\$ million)	30.6	42.0

1. Direct energy consumption of the Group includes the consumption of diesel, petrol, natural gas, coal and natural gas. The conversion factors for diesel, petrol, natural gas, coal and LNG adopted are based on the conversion of fuel data to MWh issued by Carbon Disclosure Project (“CDP”). For the consumption of coal, the conversion factor adopted is based on the International Energy Agency (“IEA”).
2. The data of 2024 has been restated to ensure consistency and comparability.
3. The significant change in the data was mainly due to the establishment of our in-house mining team in our gold mining business.
4. Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A2. Use of Resources (CONTINUED)

The Group consistently regards the enhancement of energy efficiency and the promotion of energy conservation as core responsibilities. During the Reporting Period, the Hong Kong office successfully applied and signed the Energy Saving Charter 2025 initiated by the Environment and Ecology Bureau of Hong Kong, committing to fully integrate energy-saving measures into our daily operations.

By actively advancing long-term decarbonisation strategies, the Group is dedicated to achieving carbon neutrality before 2050, taking concrete actions to support the vision set out in the Hong Kong Climate Action Plan 2050 issued by the HKSAR Government.

Management Approach

Optimising the mining operations and securing stable and reliable energy sources are critical to the Group's long-term sustainability, as energy is fundamental to mining activities.

Environmental Protection Departments have been established to formulate implementation plans and oversee the progress in energy efficiency improvement and resource conservation. The specialists of the Environmental Protection Departments conduct regular assessments of the energy performance of various operating sites and processes according to the Group's accountability system.

Electricity

Electricity was purchased from the utility company and consumed in the offices and during mining operations.

The Group is committed to advancing energy efficiency improvements and transformations, while expanding the application of clean and renewable energy resources. The Environmental Protection Department formulates implementation strategies and monitors performance in energy efficiency and resource conservation. Staff regularly assess the energy performance of various plants and operational processes.

Both office premises and mining sites strictly comply with relevant regulations and the Group's electricity conservation policies. The Policy of "Cut off electricity during operation shutdown and re-operate after returning to work" (停轉停工·復轉復工), also referred to as the "stop and resume work" policy, has been established to regulate electricity usage during operational suspension and resumption. In addition, a reward and punishment system for electricity management has been implemented. Internal energy-related policies have also been formulated to quantify and monitor the consumption of different energy resources in mining operations.



Energy Saving Charter 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A2. Use of Resources *(CONTINUED)*

Electricity *(CONTINUED)*

To facilitate the transition towards a “low carbon and low consumption” business model, environmentally friendly vehicles are prioritised for transportation and operational purposes.

During the Reporting Period, various measures have been adopted to encourage employees to reduce the electricity consumption of the Group:

- Switching off idle lighting and air-conditioning systems (e.g., turning off most electrical equipment during lunch hours);
- Displaying reminder posters such as “Save electricity and turn off the light when you leave please”;
- Providing seminars and training sessions to promote energy conservation awareness;
- Procuring and installing high energy-efficiency electric generators and transformers onsite;
- Replacing energy-intensive lamps with LED lighting in offices;
- Conducting regular energy audits to monitor equipment performance; and
- Adopting natural ventilation or ventilation fans in areas where air-conditioning is not required.

Other energy resources

Gasoline and diesel were primarily consumed by the Group for digging, loading and transportation of ore and waste rock, comminution process, and heating, while coal was used for heating purposes.

China has achieved significant progress in advancing its clean energy transition in recent years. In 2022, the National Development and Reform Commission established 2025 energy efficiency targets for energy-intensive industries and outlined the adoption of more stringent energy efficiency standards by 2030. In alignment with China’s commitment to achieving carbon neutrality by 2060, the Group is dedicated to enhancing energy efficiency and accelerating the transition towards greater adoption of clean and renewable energy resources.

Internal energy-related policies have been established to quantify and track the amount of different energy resources consumed during mining operations. To further reduce gasoline consumption, employees are encouraged to replace their vehicles with electric vehicles and adopt carpooling practices. Regular energy consumption audits are conducted to assess vehicle performance. To facilitate a smooth transition towards a “low-carbon and low-consumption” business model, environmentally friendly vehicles for transportation and operational use are prioritised during procurement.

In cases where transportation services are outsourced, comprehensive background assessments are conducted on the service providers to evaluate their energy efficiency performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A2. Use of Resources *(CONTINUED)*

Water

The Group recognises the importance of water resources and places strong emphasis on improving water utilisation efficiency. To minimise potential adverse impacts on water resources during operations, the Group is committed to responsible water stewardship and has implemented robust water protection and monitoring measures. For example, flow meters are installed to regulate water withdrawal. During the Reporting Period, the Group did not encounter any issues in sourcing water fit for purpose.

Despite a reduction in facility area, the Group continues to support and implement various water recycling initiatives to achieve the objective of “Zero Water Discharge” onsite. Mining sites with high water consumption are encouraged to appropriately reuse wastewater.

The Group also focuses on strengthening employees’ awareness of water conservation to effectively implement its water conservation and security strategy and to accumulate practical experience for continuous improvement. To promote water conservation in daily operations, measures aligned with the “3R rules – Reduce, Reuse and Recycle” have been adopted.

The following practices have been implemented to further enhance water utilisation efficiency:

- Optimising chemical dosage and management procedures in the wastewater treatment processes to monitor and ensure compliance with industry standards;
- Promptly repairing dripping taps to prevent further leakage in the water supply system;
- Conducting regular leakage tests on water taps, joint rings and other components in the water supply system; and
- Strengthening the inspection and maintenance of water taps, water pipelines and water storage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A2. Use of Resources (CONTINUED)

Paper

To effectively manage paper consumption, the Quantification Management Policy has been formulated and serves as a monitoring tool. We have implemented a series of Office Automation (“OA”) solutions, from document transfer and information communication, all the way to the review, approval and signing of relevant decisions within the Group.

To promote and achieve a paperless office, the Group has adopted the following measures:

- Promoting the “Think before print” concept through posters and stickers to reduce unnecessary printing;
- Setting duplex printing as the default mode for most network printers when printouts are needed;
- Promoting the procurement and use of recycled paper;
- Placing collection boxes as containers beside photocopiers to collect single-sided paper for reuse;
- Recycling used stationery whenever possible; and
- Using the reverse side of old single-sided documents for printing or draft paper

Trend Analysis and Goals

1. *Energy Efficiency*

Target	In line with the goals of GHG emissions reductions, the Group targets to lower the GHG emissions in the purchase of electricity for operations.
Proposed Steps	On top of electricity conservation, the Group commits to focus its efforts on improving the energy efficiency of its equipment through upgrades and procurement.

2. *Water*

Target	The Group targets to maintain its water recycling rate at 100% and pursue an effort to lower its consumption of freshwater in operations.
Proposed Steps	The Group plans to improve the water recirculating system and employ advanced water recycling facilities to enhance water efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

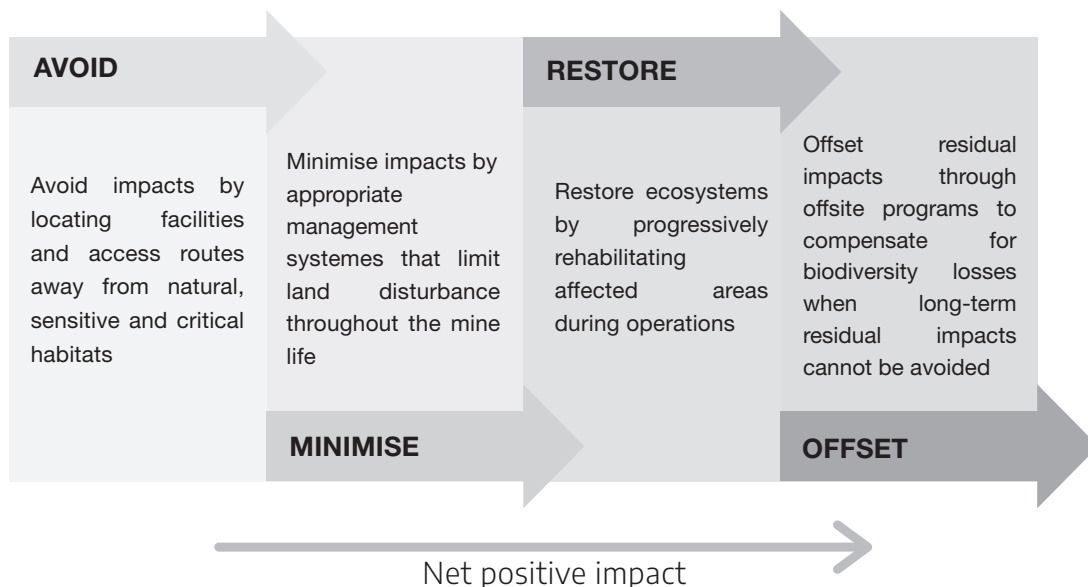
A3. The Environment and Natural Resources

Gold mining is a resource-intensive operation that requires substantial land use and energy consumption, thereby presenting potential environmental risks. The Group fully recognises the environmental impacts associated with its mining activities and has undertaken considerable measures to minimise related environmental effects and risks, with the aim of promoting coordinated and sustainable long-term development.

The Group remains committed to identifying, assessing and monitoring its significant environmental impacts, and to formulating practical and effective measures to mitigate and manage such risks. In advancing towards a net positive impact in its operations, the Mitigation Hierarchy concept has been incorporated into the Group’s environmental management and risk control system.

In line with this commitment, the Group further implemented the green mine construction (Phase 1) in Subei County during the Reporting Period, with construction be completed in 2025. The green intelligent mine project encompasses a comprehensive suite of technological systems, including a smart mining system, 3D digital twin system, ore processing plant dust removal system, as well as a private cloud infrastructure. Collectively, these systems enable the Group to enhance operational safety, improve resource efficiency, and minimise environmental impact across the full lifecycle of its mining operations.

MITIGATION HIERARCHY



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A3. The Environment and Natural Resources (CONTINUED)

During the Reporting Period, land Use, ecosystem and biodiversity, mining waste management and GHG emission control were identified and assessed as material issues to the Group. To mitigate their negative impacts, we developed targeted strategies and established key measures to effectively manage these challenges.

With respect to land use, ecosystem and biodiversity, the Group strives to protect local biodiversity through ecological restoration initiatives and related measures. To minimise excessive dilution and further lower the potential risk of surface subsidence, mined-out areas are backfilled to provide structural support to the surrounding rock mass.

Regarding mining waste management, we recognise that substantial waste may arise during mining operations, while mine tailings are produced at mineral processing plants following one separation. Without proper management, such tailings may pose risks to ecosystems and water resources. The Group strictly adheres to national and local regulatory requirements, particularly in relation to tailings treatment and onsite sewage management. Sustainable management measures for mining tailings have been implemented and planned. The Group is committed to reducing the impact of tailings facilities on water resources through monitoring and preventing acid mine drainage and the discharge of hazardous substances. Dedicated professional task forces have been established to carry out regular environmental impact assessments of tailings facilities and dams.

In addition, the Group continues to formulate and implement its internal policies for more effective waste stewardship onsite in line with regulations and standards, including the Provisions on the Protection of the Geologic Environment of Mines (《礦山地質環境保護規定》) and Technical Policy of Gold Industrial Pollution Control (《黃金工業污染防治技術政策》).

In relation to the tailings assessment, pollutants such as heavy metals and organic matter may be present in tailings ponds. Physical, chemical or biological treatment methods are applied, including the use of adsorbents. Degrading agents are utilised to remove and break down pollutants, thereby mitigating potential contamination of surrounding soil and water bodies.

For land areas affected around tailings ponds, the Group has implemented various effective restoration measures to recover soil fertility and ecological functions and to minimise land degradation. These measures include vegetation restoration and soil remediation. Recognising that tailings ponds may pose risks of seepage to adjacent water bodies, the Group has adopted anti-seepage measures. Actions have been taken to prevent tailings leakage, and water purification technologies are applied to treat contaminated water. Looking ahead, the Group will continue to promote ecological balance restoration and enhance the environmental quality surrounding tailings ponds. Ongoing tracking and evaluation of remediation effectiveness will be conducted, with timely identification of issues and implementation of corresponding corrective measures to ensure the sustainability and long-term stability of governance outcomes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A3. The Environment and Natural Resources *(CONTINUED)*

With respect to GHG emissions control, the Group has implemented multiple initiatives to reduce its GHG footprint. China's 2060 carbon neutrality commitment has significantly accelerated the transition towards low-carbon energy and the reduction of economy-wide emissions to achieve net zero, thereby reducing dependence on fossil fuels. In line with this direction, the Group prioritises accelerating its transformation towards cleaner energy sources, including "green" electricity. Its initiatives focus on three key areas: investment in innovative R&D and technology deployment, leveraging opportunities through partnerships and collaboration, and promoting education to encourage behavioural change.

A4. Climate Change

The Group is aware that climate change amplifies operating risks by increasing the frequency and severity of extreme weather events, resulting in potentially wide-ranging impacts. We recognise that the mining sector is particularly susceptible to climate-related risks. In response, we have developed a group-wide climate policy that outlines our strategic management approach and provides a framework for guiding the practices adopted to address climate-related risks and opportunities.

As a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Group is dedicated to strengthening climate resilience by addressing gaps in climate-related policies and risk management measures, enhancing environmental standards, and reinforcing operational adaptability. Through responsible mining practices, we seek to contribute to national and regional economic development while mitigating climate-related impacts. To reduce exposure to climate risks, the Group continues to refine and implement its Climate Policy to oversee and regulate mining operations.

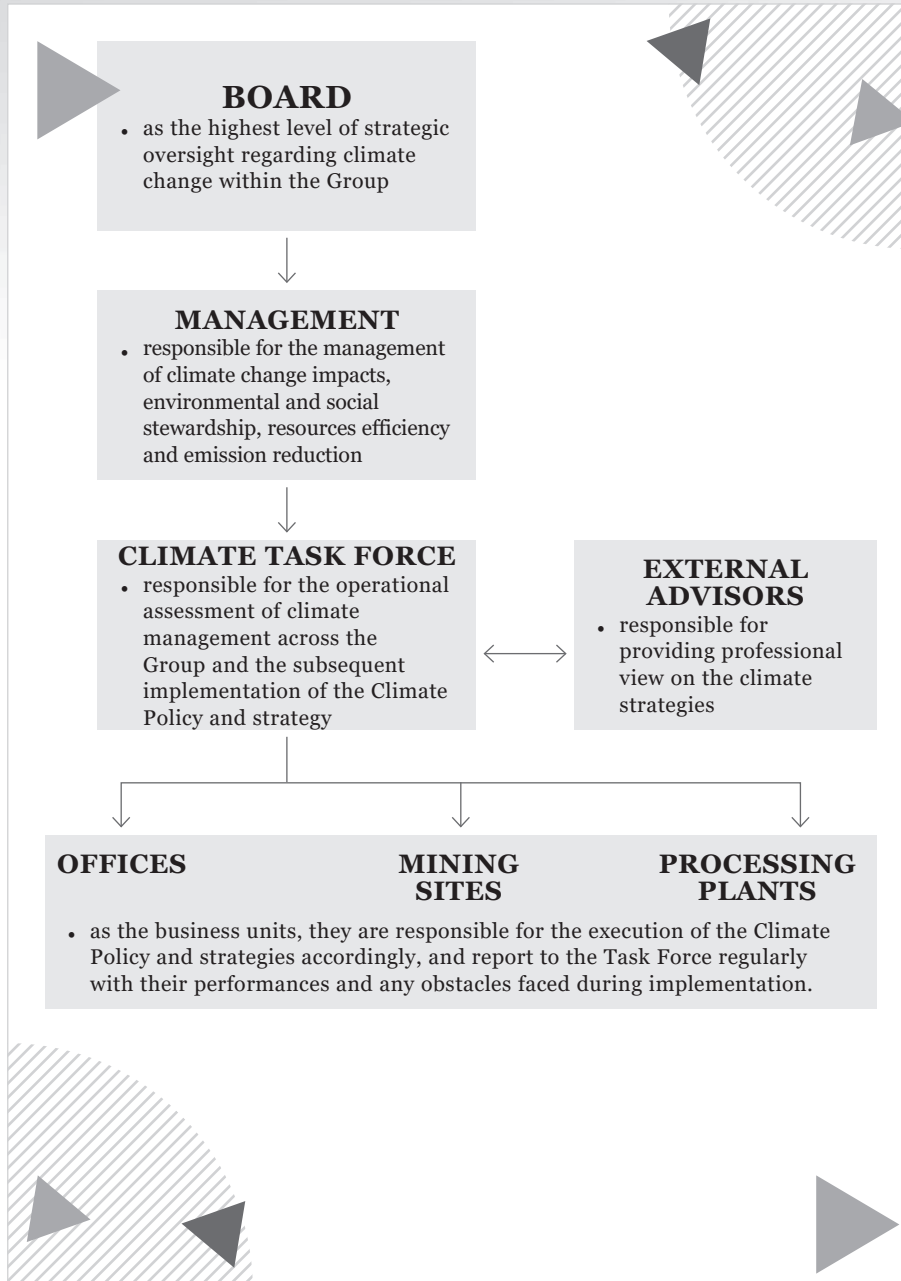
The Group's preliminary analysis of climate-related risks and plans for climate action are detailed in the following sub-sections, which present the key elements of our evolving Climate Policy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4. Climate Change (CONTINUED)

Governance



The Group has collaborated with an independent consultant, Riskory Consultancy Limited, to assist the Board and Management team in strengthening their understanding of material physical and transition risks. During the Reporting period, we further enhanced this effort by engaging professional expertise to conduct detailed analyses, including industry benchmarking, and carried out a preliminary assessment of climate-related risks associated with the diversified metals and mining sector.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4. Climate Change (CONTINUED)

Strategy

During the Reporting Period, we further advanced our climate-related risk assessment by engaging with professional consultants to conduct a climate scenario analysis. In conjunction with peer benchmarking results, we performed a preliminary assessment of climate risks relevant to our operations. With reference to HKEX Implementation Guidance and prevailing market practices, climate-related risks were categorised into short-term (2030), medium-term (2050), and long-term (2080) time horizons. The table below outlines the climate risks identified by the Group and their potential impacts on our business operations and development:

Physical risks	Potential impact on the Group	Significance	
Acute risks	<ul style="list-style-type: none"> Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions) Reduced revenue and higher costs from negative impacts on the workforce (e.g. health, safety, absenteeism) Write-offs and early retirement of existing assets (e.g. damage to property and assets in “high-risk” locations) Increased operating costs Increased capital costs (e.g. damage to facilities) Increase insurance premiums and potential for reduced availability of insurance on assets in “high-risk” locations 	Material risks	
Increased severity of extreme weather events such as cyclones and floods			
Chronic risks		Less material risks	
Changes in precipitation patterns and extreme variability in weather patterns			
Rising mean temperatures			Material risks
Rising sea levels			Not significant risks

Transition risks	Potential impact on the Group	Significance
Compliance risks		
Increased pricing of GHG emissions	<ul style="list-style-type: none"> Increase operating costs, including compliance costs and insurance premiums Write-offs, asset impairment, and early retirement of existing assets due to policy changes Increased costs and/or reduced demand for products and services resulting from fines and judgments 	Material risks
Enhanced emissions-reporting obligations		Not significant risks
Technological risks		
Substitution of existing products and services with low-emission options	<ul style="list-style-type: none"> Reduced demand for existing products and services that rely on carbon-intensive operations Research and development (R&D) expenditure in new and alternative technologies (e.g. renewable energy resources) Costs to benchmark and integrate new practices and processes into operations 	Not significant risks
Costs to transition to lower emissions technology		Material risks

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A4. Climate Change *(CONTINUED)*

Risk Management

The Group is dedicated to incorporating climate risk management into its enterprise risk management framework. We conduct climate risk analysis through a three-step process:

1. Evaluate the implications of relevant climate-related risks on the business via internal discussions and support from external advisors;
2. Undertaking a materiality assessment to prioritise risks that require immediate attention;
3. Perform a feasibility analysis of response actions for implementation.

Climate risk will be included on the agenda for the Board's Audit and Risk Committee meetings. Additionally, a quarterly meeting is planned between the Board and Management to discuss the identification of potential climate risks, during which mitigation measures and tracking plans will be addressed.

Metrics and Targets

To identify and manage relevant climate-related risks and opportunities, the Group has set up both directional and quantitative metrics with reference to the seven cross-industry, climate-related metric categories recommended by TCFD.

In light of recent changes in the Group's core operations, the relevant targets have been reviewed and appropriately adjusted to better align with our current business structure and strategic priorities.

Highlights of the climate-related metrics and targets established by the Group are set out below:

Metrics

- Number of climate-related activities or initiatives in which the Group participates each year

Targets

Looking ahead, we aim to participate in at least one climate-related activity or initiative each year, proactively collaborating with various stakeholders to further support energy conservation and emission reduction efforts, advance decarbonisation actions, and contribute to the achievement of carbon neutrality goals. Our ESG Committee will be responsible for monitoring progress against this target and, where appropriate, will seek support from external professional consultants to enhance implementation and effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4. Climate Change (CONTINUED)

Metrics and Targets (CONTINUED)

Targets (Continued)

During the Reporting Period, Tongguan Gold Group Limited participated in the “ESG Xchange 2025: International Climate Action Summit” held in May 2025 at the Hong Kong Convention and Exhibition Centre, which was organised by the World Green Organisation. The Summit serves as a prominent platform in the Asia-Pacific region for ESG, climate action and green innovation, bringing together over 2,500 representatives from the United Nations, international organisations and the corporate sector worldwide. The event focused on key topics, including ESG and climate risk strategies, sustainable supply chain management, opportunities and challenges in carbon trading markets, the latest energy-saving and carbon reduction technologies, and the role of artificial intelligence in advancing ESG development.

Participation in the Summit enabled the Group to stay abreast of the latest ESG regulatory developments and strategic trends, further accelerating our ESG transformation efforts. It also demonstrated the Group’s strong commitment to embedding ESG principles into our corporate strategy and advancing sustainable development.



Representative of the Group attending the ESG Xchange 2025: International Climate Action Summit

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4. Climate Change (CONTINUED)

GHG emissions

The GHG emissions generated by the Group were mainly from the combustion of fossil fuels, electricity and coal consumption during industrial operations. During the Reporting Period, the data for GHG emissions are as follows:

GHG emission ¹	Unit	2025	2024
Scope 1 (Direct Emissions) ²	Tonnes CO ₂ e	3,842	2,239
Scope 2 (Energy Indirect Emissions) (Location-based) ³	Tonnes CO ₂ e	50,443	43,692
Scope 3 (Other Indirect Emissions) ⁴	Tonnes CO ₂ e	152	/
Total GHG Emissions (Scope 1 and Scope 2)	Tonnes CO ₂ e	54,285	45,931
Intensity (Scope 1 and Scope 2) ^{5,6}	Tonnes CO ₂ e/ revenue (HK\$ million)	22.7	35.3

1. The calculation standards and methodologies for GHG emissions are based on “Appendix 2: Reporting Guidance on Environmental KPIs” of “How to Prepare an ESG Report” by HKEX and the Greenhouse Gas Protocol.
2. Scope 1 emissions included direct GHG emissions from combustion of fuels in stationary and mobile sources, and the use of refrigeration. The Emission Factors adopted are based on “Appendix 2: Reporting Guidance on Environmental KPIs” published by the HKEX and guidance from the U.S. Environmental Protection Agency. The Global Warming Potential (“GWP”) rates from the Intergovernmental Panel on Climate Change (“IPCC”) Sixth Assessment Report (AR6). The material increase in Scope 1 emissions during the Reporting Period was primarily attributable to increased coal and diesel combustion arising from expanded business operations.
3. Scope 2 emissions included indirect GHG emissions from purchased electricity, Towngas, and steam/heat consumed by the Company. The emission factor for Chinese Mainland-based operations referenced the Ministry of Ecology and Environment of the People’s Republic of China. The emission factor of purchased towngas is referenced to the latest ESG report published by Hong Kong and China Gas Company Limited.
4. Due to the complexity of Scope 3 emissions and the broad range of categories involved, current disclosure is limited to cover Category 6 – Business travel (flight) as defined by the GHG Protocol. Emission factors adopted are from the “Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance” issued by the Department for Energy Security and Net Zero of the UK.

This is the first Reporting Period in which the Group has disclosed Scope 3 emissions in accordance with the requirements of the HKEX’s Environmental, Social and Governance Reporting Code.
5. In light of the increase in the Group’s Scope 1 and Scope 2 emissions in 2025, while the growth rate of revenue exceeded that of emissions, there is a material variance in the Group’s emission intensity compared with 2024.
6. Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

The Group values employees' talents and is committed to building and sustaining an attractive workplace with excellent career development opportunities for all employees. We strive to provide a suitable platform for them, ensure equal and fair compensation and respect labour rights. Talent development, learning, diversity and culture are prioritised in the human resources management approach of the Group.

We strictly adhere to applicable employment laws and regulations in Hong Kong and the PRC that were material to the Group's businesses, including but not limited to Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and Regulations on the Supervision of Labour Security (《勞動保障監察條例》).

During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

Beyond statutory compliance, the Group actively promotes employee engagement and well-being through various cultural and welfare initiatives. From 22 December to 30 December 2025, employees participated in the "Tongguan County "Tongjin Cup" Cadres and Employees Basketball Friendly Tournament" (「潼金杯」幹部職工籃球友誼賽) organised by the Tongguan County Federation of Trade Unions and the Tongguan County Education and Sports Bureau at the Tongguan National Fitness Centre. A total of 17 representative teams consisting of approximately 200 staff athletes took part in the competition, including teams representing the Government Joint Team, Chengguan Subdistrict Office, Public Security Bureau, Human Resources and Social Security Bureau and other local institutions. The event advocated the importance of physical fitness, strengthened teamwork and enhanced employees' sense of belonging at the Company.



Group photos taken during the "Tongjin Cup" Staff Basketball Friendly Tournament

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

In addition, the Group organised an “Caring for Employees and Delivering Warmth Activity – “Birthday Benefits”” (關愛職工送關懷活動「生日福利」) during the Reporting Period. All employees, including temporary staff, received birthday greeting cards, longevity noodles as a symbolic gesture of good health, and birthday welfare gift cards. This initiative reflects the Group’s unwavering commitment to fostering a caring and inclusive workplace culture where employees feel valued and supported.



Group Photo of Employees Celebrating June Birthdays



“Warmth Delivery” (送溫暖) Visit to the Factory in November

The Human Resource Department of the Group monitors the implementation of company policies, including:

Measures of Employee Recruitment

Employment Management

Employee Training Management

Employee Transfer Management

Employee Leave and Attendance Management

Performance Management

Compensation Management

Human Resources Management System

To ensure compliance with the latest laws and regulations, the department reviews and updates internal procedures regularly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

As at 31 December 2025, the Group had a total of 768 employees (2024: 436 employees). The employee demographic is as follows:

Total workforce	2025	2024
By Gender		
Male	638	353
Female	130	83
By Employment Type		
Full-time	742	435
Part-time/Contract	26	1
By Age Group		
Below 30	169	40
31-40	189	112
41-50	194	124
Above 51	216	160
By Geographical Region		
Hong Kong	12	11
Chinese Mainland	756	425

Note: The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B1. Employment *(CONTINUED)*

Recruitment and promotion

A set of transparent and clear procedures in annual recruitment is adopted and followed to ensure the recruitment practices comply with the following principles:

Openness (公開)	Fairness (公平)	Transparency (透明)	Standardization (規範)
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The recruitment plan is formulated by the General Office according to internal procedure and considering the position vacancies in various departments. The recruitment sources are identified, and the eligible candidates are selected, in which CV screening, interviews, internal discussion and approval, and entry health examination are normally carried out step by step.

Fair, competitive remuneration and benefits are provided with due consideration of the applicant's past performance, personal attributes, job experience and career aspirations. The promotion within the Group is strictly based on clear and legitimate procedures. We refer to market benchmarks in relation to staff promotion. Equal promotion opportunities are provided to eligible employees who have exhibited outstanding performance and potential.

Compensation and dismissal

The Group conducts an annual review of its employee compensation policy, subject to evaluation and approval. In determining any adjustments, the Group benchmarks against local market standards, taking into account company performance, prevailing economic conditions, individual development and the nature of each position.

The Group strictly prohibits any form of unfair or unlawful dismissal. Termination of employment contracts is carried out only on reasonable and lawful grounds, in full compliance with applicable regulations and internal policies, including the Staff Handbook of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

Compensation and dismissal (CONTINUED)

During the Reporting Period, the employee turnover rate of the Group is as follows:

Turnover Rate	2025	2024
By Gender		
Male	10.8%	10.5%
Female	11.5%	9.6%
By Age Group		
Below 30	6.5%	30.0%
31-40	16.9%	10.7%
41-50	11.3%	5.6%
Above 51	8.8%	8.8%
By Geographical Region		
Hong Kong	8.3%	0.0%
Chinese Mainland	11.0%	10.6%

Employees who breach the Group's employment policies will first receive a verbal warning prior to the issuance of a formal warning letter. If an employee repeatedly commits the same misconduct without improvement, the Group may proceed with dismissal in accordance with the standard procedures prescribed under the laws of Hong Kong and PRC. The Group may consider terminating a labour contract in compliance with applicable laws and regulations if an employee falls under the circumstances deemed serious by the Group, including but not limited to:

1. Failure to satisfy the employment requirements during the probationary period;
2. Serious breach of labour discipline or the Group's internal rules and regulations; and
3. Serious neglect of duty or malpractice causing damage to the interests of the Group, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

Working hours and rest periods

The Group's policies and arrangements regarding the management of working hours and rest periods are established in accordance with local employment laws, including the Provisions of the State Council on Employees' Working Hours (《國務院關於職工工作時間的規定》), and are clearly set out in the Staff Handbook (《員工手冊》). An attendance management system is implemented to monitor employees' working hours, and employees who perform overtime work are compensated with overtime pay or corresponding additional leave.

Employees are entitled to various leave benefits, including but not limited to:

Statutory Holidays	Marriage leave	Bereavement leave	Maternity leave	
Breastfeeding leave	Sick leave	Personal leave	Family visit leave	Annual leave

Equal opportunity and anti-discrimination

As an equal-opportunity employer, the Group is dedicated to fostering a fair, inclusive, and diverse workplace. Anti-discrimination principles are actively promoted, and equal opportunities are upheld in all human resources and employment-related decisions. Employees are granted equal access to training, promotion, dismissal, and retirement opportunities, irrespective of age, gender, marital status, pregnancy, family status, disability, race, ethnicity, nationality, religion, or any other non-job-related factors. The Group enforces an equal opportunity policy to prevent workplace discrimination, harassment, or vilification, in compliance with local laws and regulations. The Group adopts zero tolerance for any form of discrimination, harassment, or retaliation. Employees are encouraged to report any suspected incidents of discrimination to the Human Resource Department, which is responsible for conducting investigations and implementing appropriate disciplinary actions against individuals found to be in breach of the policy.

In line with its commitment to equality, the Group strives to promote barrier-free internal communication through multiple channels. The Human Resources Departments and Staff Committees at various levels serve as the primary bodies responsible for employee relations and communication within the organisation. They support employees in enhancing job satisfaction, ensuring labour security, providing occupational psychological counselling, and actively gathering employee feedback and suggestions. All staff are encouraged to express their views and concerns openly. To cultivate a corporate culture grounded in inclusiveness and mutual respect, the Group regularly communicates updates on operations and management developments through emails, bulletin boards, meetings, and other communication platforms.

Other benefits and welfare

Employees are provided with various corporate benefits in accordance with internal policies to strengthen their sense of belonging. The Group makes contributions to social insurance schemes for employees as required by applicable laws and regulations, including endowment insurance, work-related injury insurance, medical insurance and housing provident funds.

The Group also provides routine physical examinations and organises regular physical exercises and recreational activities to protect employees' physical and mental health.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety

The Group has embedded the protection of employees' health and safety into its core corporate values. A systematic safety management strategy, together with structured approaches and regulations, has been established and implemented to ensure a safe and secure working environment for all employees.

We strictly complied with applicable national and local regulations in relation to occupational health and safety in Hong Kong and the PRC, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), Law of the People's Republic of China on the Protection of Production Safety (《中華人民共和國安全生產法》), Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), Mine Safety Law of the People's Republic of China (《中華人民共和國礦山安全法》), Regulation on Work-Related Injury Insurance (《工傷保險條例》), and Warning Signs for Occupational Hazards in the Workplace (《工作場所職業病危害警示標識》).

During the Reporting Period, the data in relation to health and safety is shown below:

	Unit	2025	2024	2023
Work-related fatalities	No.	0	0	0
Lost days due to work injury	Day	30	90	100

During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

“Safety first, Prevention Crucial, Integrated Management” (安全第一·預防為主·綜合治理)

To minimise accident risks at mining sites and strengthen employees' health and safety awareness, the Group has developed a comprehensive management framework supported by a series of effective policies governing workplace safety and labour practices, in compliance with applicable health and safety standards. To foster and maintain a safe working environment, we have formulated internal policies and operational guidelines, including the Work Safety Manual (《工作安全手冊》), Internal Control Manual (《內部控制手冊》) and Management Manual of Safe Production Standardisation (《安全生產標準化管理手冊》). In addition, to further enhance safety management standards, a detailed implementation plan for the “Six Major Systems” (「六大系統」) has been developed in accordance with the Interim Provisions on the Installation, Use, Supervision and Inspection of the “Six Major Systems” for Safety Risk Avoidance in Metal and Non-metallic Underground Mines issued by the State Administration of Work Safety.

The Human Resource Department and the Administrative Department are responsible for monitoring and ensuring that all the safety policies are in place and enforced properly in the office. The full-time Safety, Environmental Protection, Production and Technology Department has been formed and is equipped with full-time safety officers to facilitate the Group's safety management onsite. Safety Production Management Committees have been established and are responsible for organising educational workshops on the topic of safe production, formulating safety measures and supervising the implementation of internal policies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety (CONTINUED)

“Safety first, Prevention crucial, Integrated Management” (安全第一·預防為主·綜合治理)
(CONTINUED)

To further promote employee wellbeing and reinforce the Group’s commitment to occupational health, the Group regularly organises health-related initiatives for its workforce. In May 2025, Tongguan County Xiangshun Mining Development Co., Ltd. (“Xiangshun Mining”) organised a health examination program for senior employees aged 50 and above at the Physical Examination Centre of Tongguan County People’s Hospital. A total of 69 employees participated in the program, including 64 male employees and 5 female employees. The health examination covered both basic and targeted medical screening items. Basic examinations included height, weight, blood pressure, complete blood count, urinalysis, liver function and kidney function tests. Key examination items included electrocardiogram, Doppler ultrasound, carotid artery ultrasound, and HPV screening for female employees. Through this initiative, the Group aimed to facilitate early detection of potential health risks, enhance employees’ health awareness, and provide timely medical guidance where necessary. The program reflects the Group’s proactive approach to safeguarding employee health and fostering a safe, caring, and sustainable working environment.



Employees queued for registration prior to the medical screening



Employees queued for blood sampling tests

Moreover, the Group has effectively adopted the following measures to eliminate fatalities and life-altering injuries from the operations and to continuously reduce potential injury and health hazards on-site.

Emergency preparedness programs
<ul style="list-style-type: none"> • Train and build mine rescue team • Improve its real-time monitoring and alerting system

Management of hazardous materials
<ul style="list-style-type: none"> • Promote the lifecycle management of purchase, use, storage, transportation and disposal

Technical safety training
<ul style="list-style-type: none"> • Machine safeguarding training • Simulator training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety (CONTINUED)

Equipment operation training

The mining rescue team is equipped with appropriate protective gear and established rescue plans to respond to emergency situations. In the event of unforeseen circumstances, professional emergency facilities and adequate emergency supplies are maintained and readily available.

When unexpected environmental and operational incidents occur that may endanger the health and safety of workers, designated personnel are responsible for overseeing and managing the situation to ensure the effective implementation of the contingency plan.

The Group is committed to enhancing its emergency response capabilities in accordance with the National Emergency Plans in Response to the Outbreak of Environmental Incidents (《國家突發環境事件總體應急預案》), and will further strengthen both the frequency and quality of emergency drills going forward.

Relevant policies have been formulated to regulate the proper handling of hazardous materials, ensuring that procurement practices, mining sites operations, warehouse storages, transportation and disposal measures comply with applicable industry standards. Employees' awareness and understanding of occupational health and safety are enhanced through various training programmes.

Potential safety risks include insufficient implementation of safety and environmental protection education and training, leading to "three violations behaviors" (三違行為) that may result in personal injury and property loss. To promptly and effectively mitigate the underlying risks, the Group continuously evaluates safety risks that are material to its operations and adopts a precautionary approach. The Group strictly enforces the aforementioned internal policies under an accountability system to address the relevant safety risks. All units and mining areas of the Group are required to conduct regular reviews of safety-related targets and submit reports to the Safety, Environmental Protection, Production and Technology Department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training

Employees' competencies are fundamental to productivity and operational efficiency. The Group is committed to strengthening employees' capabilities through structured training initiatives. A range of training programmes has been developed and implemented to meet the needs of employees across different roles and positions.

During the Reporting Period, the training and development data are as follows:

	2025	2024
Percentage of employees trained by gender		
– Male	85.7%	84.4%
– Female	80.8%	66.3%
Percentage of employees trained by Employee Category		
– Director and the management	96.9%	93.8%
– Senior employee, manager and senior manager	96.2%	96.3%
– General staff	83.5%	81.1%
Average training hours per employee by gender		
– Male	4.69	5.6
– Female	3.42	3.8
Average training hours per employee by Employee Category		
– Director and the management	5.0	7.9
– Senior employee, manager and senior manager	6.0	6.4
– General staff	4.3	5.0

To create more opportunities for employee improvement, the Group has devoted sufficient resources to training development and provision.

New hires
<ul style="list-style-type: none"> A complete training package covering the History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System

Technical safety training
<ul style="list-style-type: none"> Regular courses that match the corporate demands and employees' interests

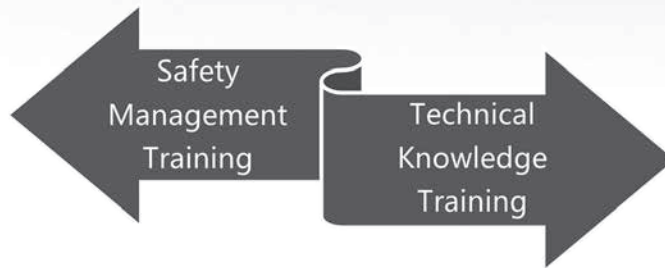
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training (CONTINUED)

The Group encourages employees to enhance their professional capabilities by pursuing work-related knowledge during their spare time and actively registering for professional qualification examinations and external training programs. Employees who successfully complete external qualification examinations and obtain relevant vocational qualification certificates are eligible for reimbursement in accordance with the Group's policy. This initiative supports continuous professional development and aligns employee growth with the Group's long-term development objectives.

The training programs provided by the Group can be broadly categorised into safety management training and technical knowledge training, supplemented by thematic activities, competitions, and corporate culture initiatives to foster a comprehensive learning environment.



Safety Management Training

With the support of the Safety, Environmental Protection, Production and Technology Department, the General Office is responsible for formulating an annual safety training plan. The Safety, Environmental Protection, Production and Technology Department organises relevant business departments and production units to organise group-wide, company- and unit-level safety educational courses and workshops.

In accordance with the annual safety training plan, regular workshop-level safety training sessions are conducted for each production unit. Personnel from relevant business departments and production units are required to participate in the “Three-Level Safety Training” (三級安全培訓) and complete the corresponding “Training Attendance Forms” (培訓出勤表). Assessments of the Three-Level Safety Training are conducted regularly by the General Office, the Safety, Environmental Protection, Production and Technology Department, and the respective production units to ensure training effectiveness.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training (CONTINUED)

Safety Management Training (CONTINUED)

To further promote a longstanding culture of safe production, Xiangshun Mining organized the “2025 Safety Production Month Knowledge Competition – The Fourth “Safety and Healthy Cup Competition”” (2025年安全生產月知識競賽—第四屆「安康杯」) in June 2025. The event was hosted by the Safety, Environmental Protection, Production and Technology Department, and attracted 10 participating teams, including representatives from the Mechanical and Electrical Support Centre, Central Processing Plant, Geological Survey Department, Security Department, and Hongshang Construction Team. The competition enhanced employees’ understanding of safety regulations and strengthened their safety management capabilities through interactive learning.



Technical Knowledge Training

The Safety, Environmental Protection, Production, and Technology Department, together with mining sites and mineral processing workshops, jointly oversee technical knowledge training. Employees are expected to continuously stay updated on the latest production processes, understand the features of key workshop facilities, and become proficient in the performance of machinery, equipment, and tools.

Whenever new processes, technologies, equipment or materials are introduced, operators are required to receive training conducted by the supplier’s technical personnel and to strictly comply with the prescribed technological procedures and operational requirements. Employees in key positions participate in business skills and knowledge training every six months, which includes formal assessments to evaluate their competency. All training programmes, teaching materials, curricula and relevant documentation are systematically maintained and recorded in the corporate training archives.

In addition, the Group organized a series of internal training meetings to keep employees updated with emerging technical knowledge during the Reporting Period. Senior and middle management personnel delivered training sessions covering professional knowledge across various departmental functions, business skills, practical work experience and motivational development topics, further strengthening internal capacity building. In July 2025, the Group (Xiangshun Mining) participated in the “Celebrating the July 1st” Speech Competition (「慶七一」演講比賽).” The event was very successful, with 26 participants representing teams from all operating subsidiaries of the Group. The competition fostered corporate culture, enhanced communication and reinforced employees’ sense of mission and responsibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B4. Labour Standards

Upholding and safeguarding labour rights constitutes a core component of the Group's commitment to sustainability. The Group maintains a strict prohibition against child and forced labour. We strictly abide by applicable labour laws and regulations in Hong Kong and the PRC, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China (《中華人民共和國勞動法》). During the Reporting Period, the Group was not aware of any material violation of laws and regulations relating to the prevention of child and forced labour that would have a significant impact on the Group.

The Human Resource Department is responsible for ensuring that corporate policies and practices align with the relevant laws and regulations prohibiting child labour and forced labour. To verify that job applicants are lawfully employable prior to confirmation of any employment, all of them are required by the Group's Human Resource Department to provide valid identity documents to combat illegal employment of child labour, underage workers and forced labour.

The Group also requires its subsidiaries to report new hires and conduct monthly reviews of employment records. Should any instance of non-compliance with applicable labour laws, regulations or standards be identified, the relevant employment contract will be terminated immediately, and the personnel responsible for human resource management will be subject to appropriate disciplinary measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

B5. Supply Chain Management

The Group acknowledges that effective supply chain management is essential to achieving sustainable development. As a socially responsible enterprise, the Group is firmly committed to fostering a sustainable and dependable value chain by proactively addressing environmental and social risks. During the Reporting Period, all operating subsidiaries successfully managed their suppliers through the proper implementation of the Group's supply chain management policies.

During the Reporting Period, the Group engaged a total of 191 major suppliers located in the PRC. The Group's supply chain management policy applies to all its major suppliers, and approximately 124 suppliers have committed to complying with our Supplier Code of Conduct.

The Group's principal suppliers include providers of machinery and equipment, raw materials, labor and transportation services. A supply chain management ledger system has been established to identify and select qualified suppliers that satisfy corporate requirements and comply with relevant laws and regulations. Through this system, suppliers are categorized and registered based on supply categories, corporate strengths, and other relevant criteria. Prospective suppliers are evaluated through inquiries, onsite inspections, benchmarking, bidding, and other relevant methods. Preference is given to suppliers with strong credibility, appropriate industry qualifications, superior product quality, reasonable pricing and relevant experience. Generally, procurement plans are submitted by the respective departments for management review and approval, while the Procurement Department is responsible for submitting procurement applications and executing the purchases of relevant materials.

Supplier performance and supply chain practices are continuously monitored through ongoing engagement. All suppliers and contractors are required to comply with the contractual terms and policies agreed upon in the contracts throughout the course of the business partnership. The "Supplier Management Procedures" (供應商管理辦法) and other internal policies have been formulated to ensure that suppliers consistently align with the Group's standards and guidelines. Regular evaluations of the supply chain are conducted to identify and mitigate significant risks. When risks arise, an emergency plan is immediately activated, involving the mobilisation of professionals and allocation of emergency funds to minimise potential losses.

Social and Environmental Risk Control

To identify and mitigate potential social and environmental risks within the supply chain, the Group's Procurement Department works closely with suppliers to prevent and monitor potential threats. We also ensure that each business division has designated personnel to maintain close communication with suppliers.

To enhance risk control, suppliers' environmental performance and compliance, particularly in relation to significant environmental hazards in their operations, are assessed through interviews. Regular evaluations are conducted on candidate suppliers with respect to legality, technical capability, production capacity, quality assurance and possession of relevant industry certificates. We also monitor suppliers' performance improvements in areas such as labour standards, human rights, code of conduct, anti-corruption policies, and occupational health and safety standards. Internal coordination and participation in supplier selection and management processes are continuously strengthened.

To extend sustainable influence across the value chain and encourage environmentally responsible business practices, the Group actively promotes the integration of Green Procurement into its operations. In supplier selection and collaboration, considerations include energy efficiency, geographical location, environmental management-related certifications, and compliance with national requirements. For instance, whether dust collectors and water purification systems have been installed in accordance with relevant national standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B5. Supply Chain Management (CONTINUED)

Social and Environmental Risk Control (CONTINUED)

Looking ahead, the Group will continue to enhance the scientific management of its supplier online platform system, enabling more systematic classification and more accurate automated evaluation of supplier performance.

B6. Product Responsibility

Upholding the philosophy of “Steady operation, Pioneering and innovative, Upholding integrity, and Enhancing social responsibility” (穩健經營、開拓創新、篤守誠信、增強社會責任感), the Group is committed to fulfilling its product responsibility of “People-Oriented, Quality Assurance, Environmental Protection and Scientific Management” (以人為本、保證質量、保護環境、科學管理) and maintaining a high standard of reliability, quality and robustness in its products and services.

We have strictly complied with the applicable rules, regulations and standards in the PRC and Hong Kong, including but not limited to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), Mineral Resources Law of the People’s Republic of China (《中華人民共和國礦產資源法》), The Notice of Gold Tax Policy (《關於黃金稅收政策問題的通知》) and Ambient Air Quality Standards (《環境空氣質量標準》).

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters concerning products and services provided, or methods of redress that would have a significant impact on the Group.

Product quality and operation safety

Gold concentrate and gold bullion constitute the Group’s principal products. The Group is dedicated to producing high-quality gold concentrate and gold bullion characterized by “No Impurity and Uniform Color” to satisfy customers’ needs. To regulate the production and sales processes, a series of established rules and effective control measures have been implemented, including laboratory test report result (檢驗結果報告單); water content test report (水分檢測報告單); delivery measurement order (出庫計量單); metal concentration confirmation slip (金屬含量確認單); and sales settlement statement (銷售結算單).

For gold recycling business, the Group has formulated stringent internal procedures and effective measures for gold bullion production to standardise the supply and refining processes and safeguard product quality, including, but not limited to, the use of a spectroscopic gold detector to examine the gold-related materials.

To ensure operational performance and quality standards, refining subcontractors are selected exclusively from the nationally recognised list.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

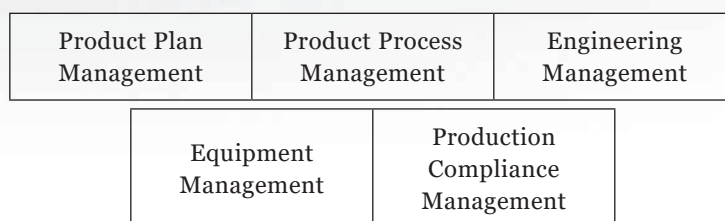
OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (CONTINUED)

Product quality and operation safety (CONTINUED)

The Group requires its product quality to consistently satisfy specific standards across various performance indicators. Regular quality control evaluations are carried out by designated personnel to uphold quality assurance. Production activities are monitored and managed through predefined operational parameters, and an automated management system is applied throughout the entire production process.

Internal policies have been established and adopted to control product quality as follows:



In accordance with relevant international and national standards in the mining industry, the Group adheres to YS/T 3004-2011 Gold Concentrate (《金精礦行業標準》) for quality classification, ensuring the provision of dependable and credible products to its customers. Functional units of the Group, including mineral processing workshops and the Internal Quality and Technique Control Station, closely oversee critical production stages, such as ore dressing tests and quality measurements of flotation-enriched gold concentrate. The Internal Quality and Technique Control Station is specifically responsible for sampling, testing, and issuing gold quality certifications. Prior to the delivery of gold concentrate, sample extraction is conducted by a buyer-designated representative under the supervision of the sales team. Samples are required to be stored in clean and dry containers and submitted to the laboratory of the Quality and Technique Control Station for testing. Chemical examinations are performed by the experimenter, and the final test report must be duly signed by the relevant staff.

During the Reporting Period, the Group did not encounter any products subject to recalls for safety and health reasons.

As part of its commitment to environmental stewardship and operational safety, the Group places significant emphasis on tailing management. To ensure that operations do not adversely affect nearby residents, comprehensive tailings dam management plans have been established, and regularly safety inspections are conducted. The following measures are implemented as follows:

- The length and slope of the sedimentation beach are verified to meet the requirement in design, preventing the slurry from brushing the dam body;
- Carry out geological surveys and stability analysis of the tailing dam when the pond accumulation is up to two-thirds of the designed height;
- Ensure the good permeability and stability of the tailing dam, upstream tailing ores are dispersed evenly so that both the coarse and fine particulates can be deposited in the correct place;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (CONTINUED)

Product quality and operation safety (CONTINUED)

- In a later stage, the internal and external slopes of the dam are built strictly based on the requirements in terms of factors including the stacking quality and the uniform rise of the dam to avoid significant height differences between the two ends of the dam axis;
- The inner water edge line is maintained parallel to the dam axis; and
- Seepage prevention and drainage of the dam are maintained through practices including building the flood interception ditch at the dam abutment, reducing the dam body's infiltration line and preventing mountain torrents from scouring the dam body.

Complaint handling, Privacy matters & Advertising

The Group places great importance on client feedback, recognizing it as a key driver of sustainable development. The general office of the PRC subsidiaries is responsible for handling customers' complaints. Upon receipt of any complaint, a follow-up mechanism is promptly activated and implemented. After conducting an investigation, the Group undertakes appropriate corrective actions based on the findings and communicates the result to the complainant in a timely manner. During the Reporting Period, no material complaints were received.

To safeguard customers' rights and interests, we strictly comply with applicable laws in relation to customer privacy, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》). Pursuant to the contractual confidentiality provisions, employees are prohibited from disclosing any information concerning the Group and its customers to third parties. Any customer information collected by the Group is used solely for the purposes for which it was obtained. During the Reporting Period, the Group did not receive any complaints or become involved in any legal cases related to breaches of customer privacy or data loss.

With the collaboration of various departments, the Marketing Department is responsible for reviewing and disseminating marketing materials to ensure accuracy and compliance with relevant laws and regulations, including but not limited to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》). Given the nature of the Group's business operations, matters relating to product labelling, intellectual property rights and recall-related matters are relatively insignificant or not applicable to the Group.

Looking forward, we will continue to adopt a value-oriented approach and remain committed to developing distinctive and innovative products and services. To achieve this, the Group will further enhance its uniqueness, precision and authority within the industry, while building a comprehensive and systematic competitive advantage in the high-precision sector.

B7. Anti-corruption

A strong anti-corruption culture and system can effectively safeguard the reputation of the corporation and prevent a decline in business value. The Group is dedicated to ensuring a workplace free from corruption and mandates all employees to adhere to the standards outlined in the code of conduct and internationally recognised ethical guidelines.

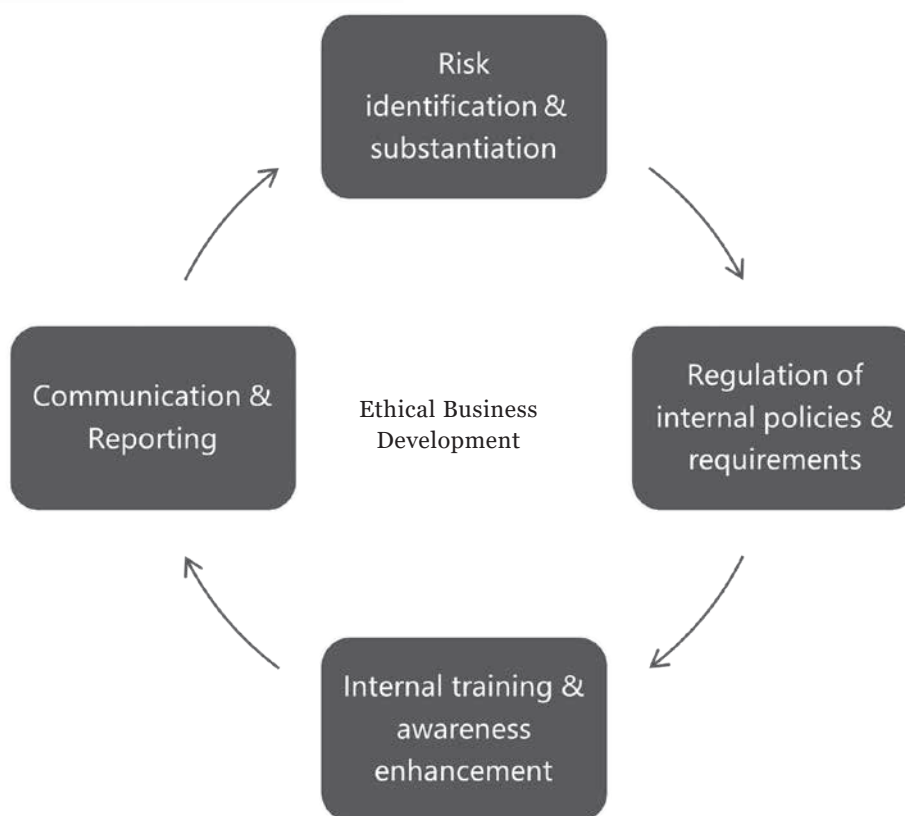
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B7. Anti-corruption (CONTINUED)

We strictly abide by the applicable laws and regulations relating to anti-corruption and bribery in the PRC and Hong Kong, including but not limited to the Anticorruption Law of the People's Republic of China (《中華人民共和國反腐敗法》), Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Law of the People's Republic of China on Anti-money Laundering (《中華人民共和國反洗錢法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group. There were no legal cases concerning corrupt practices that were concluded against the Group or its employees.



The Group adopts a strict zero-tolerance policy against bribery and corruption, rigorously implementing its internal anti-corruption policies, including those set out in the Staff Handbook, to prevent and combat fraudulent activities. The Group strongly promotes adherence to professional ethics, emphasising compliance with relevant laws and regulations. Employees are required to safeguard the Group's interests and contribute positively to society's well-being.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B7. Anti-corruption (CONTINUED)

Any violation of professional ethics that causes significant economic loss to the Group will result in immediate action taken in accordance with relevant laws and regulations. The Group also upholds the principle of addressing nepotism in employee recruitment or appointments. Mutual supervision between management and staff is encouraged to mitigate risks of bribery, extortion, fraud, and money laundering. A comprehensive internal control management system has been established at the Group Level to oversee business departments and strengthen anti-corruption measures.

As part of its anti-corruption strategy, the Group's latest anti-corruption policy has been circulated to all staff in the Hong Kong office for their acknowledgement and compliance. In addition, all employees who are Party members signed the Member's Personal Integrity and Self-Discipline Commitment Letter, affirming their commitment to comply with the Group's anti-corruption policy. During the Reporting Period, approximately 2 hours of internal anti-corruption were provided to its employees.

The Group encourages whistle-blowers to report any suspected misconduct, either verbally or in writing, to the Human Resource Department of the Group, with detailed information and supporting evidence. To safeguard the Group's interests, the Human Resources Department is primarily responsible for investigating any suspected or unlawful conduct. To protect whistle-blowers from unfair dismissal or victimization, an established grievance mechanism has been established. If any criminal activity is substantiated, the Group's management will promptly submit a report to the relevant regulators or law enforcement authorities as necessary.

On 23rd October 2025, the Party Branch of Tongguan Tongjin Mining Company Limited organized Party members to visit the Yang Zhen Integrity Education Base for a study program. Activities included reviewing exemplary cases of integrity and anti-corruption, revisiting the Party oath, learning about the historical development of Tongguan at the Tongguan Museum, and watching historical and inspirational films. All Party members of the Tongguan Tongjin Mining Company branch participated in the activity, further strengthening integrity awareness and ethical conduct.

Through these structured training programmes, safety initiatives and cultural activities, the Group continues to enhance employees' professional competencies, safety awareness and ethical standards, thereby supporting sustainable corporate development and long-term operational excellence.



COMMUNITY

B8. Community Investment

As part of its commitment to corporate social responsibility, the Group embraces the principle of “giving back to society” and remains committed to volunteerism and financial contributions to support underprivileged communities. Our community investment efforts primarily focus on advancing community education development, promoting environmentally sustainable infrastructure development, and supporting cultural and sports initiatives. The Group actively encourages and organizes employee participation in community activities to foster sustainable development and enhance social wellbeing in the regions where we operate, in alignment with the national Common Prosperity initiative.

During the Reporting Period, the Group participated in diverse community events and donated approximately HK\$1.1 million to various organisations, supporting education development, emergency relief, sports promotion, cultural preservation, community welfare and rural revitalisation. In addition, the Group supported educational advancement through a donation of approximately HK\$6.6 million to Chang’an University (長安大學) to fund education development programmes, reflecting the Group’s dedication to nurturing future talents and advancing higher education in China. Furthermore, the Group noted an unforeseen incident in a local community in Hong Kong that disrupted the daily lives of certain residents. Demonstrating our commitment to community well-being, the Group provided a one-off charitable donation of HK\$1 million to the Hong Kong Red Cross to support the delivery of immediate relief supplies and services, including clothing, drinking water, hot meals, temporary shelter, daily necessities and psychological support, to address the urgent needs of the affected community.

In addition to the major contributions, the Group provided financial support to various community initiatives. These initiatives included:

- The Tongguan County “Tongjin Cup” Cadres and Employees Basketball Friendly Tournament (潼關縣“潼金杯”幹部職工籃球友誼賽) hosted by the Tongguan County Federation of Trade Unions and the Tongguan County Education and Sports Bureau;
- Community welfare programmes organised by the Jiuquan Charity Federation (酒泉市慈善聯合總會);
- Rural revitalisation and infrastructure support in Kuitengguole Village, Yanchiwan Township, Subei Mongolian Autonomous County (肅北蒙古族自治縣鹽池灣鄉奎騰郭勒村); and
- Caring for the Elderly in the Surrounding Community – “Chung Yeung Festival” Donation Activity (關愛企業周邊老人“重陽節”捐款活動) in Oujiacheng Community, Daiziying Town Community and Anle Town Community, Tongguan County (潼關縣歐家城社區、代字營鎮社區、安樂鎮社區)

Moreover, the Group is committed to advancing sustainable development through concrete actions, actively supporting projects that align with our corporate values and create positive social impact. During the Reporting Period, we supported Hong Kong’s first community-initiated carbon-neutral concert, “Chill & Decarbonise: ESG Charity Concert”, organised by Riskory S, a brand of Riskory Consultancy Limited (“Riskory”). The event leveraged music to unite the community, promote a culture of sustainability, and advance the goal of carbon neutrality, while also supporting the development of local music and creating lasting positive impact for society. The event was designed in line with circular economy principles, incorporating measures such as the use of eco-friendly materials, promotion of reusable items, food upcycling, and comprehensive recycling. A portion of the proceeds was donated to Food Angel, further amplifying the social benefits and reflecting a strong commitment to food waste reduction and resource sharing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY *(CONTINUED)*

B8. Community Investment *(CONTINUED)*

To address greenhouse gas emissions generated by the event, the organizer completed a carbon audit and achieved carbon neutrality through the purchase and retirement of carbon credits via the Hong Kong Exchanges and Clearing Limited (HKEX) Core Climate platform[#]. This ensured effective management of environmental impact and reinforced the credibility of the initiative. By sponsoring this project, we demonstrated our determination to advance carbon neutrality and played a catalytic role in fostering collaboration across the value chain. We also encouraged suppliers, business partners, and other stakeholders to participate in Scope 3 emissions management. This initiative not only laid a solid foundation for our long-term carbon reduction goals but also enabled us to work hand in hand with society to build a more sustainable future.

[#] The carbon credits used for this offset were procured and retired via the HKEX Core Climate platform, sourced from the “Panzhou County Chicken Farm Manure Composting Project (Project ID: 5210)”. This project is issued under the Verified Carbon Standard (“VCS”), which is a globally adopted standard for GHG emission reduction credits.

We will remain steadfast in fulfilling our social responsibility by spearheading community investment endeavors through fostering connections with local communities and seeking new opportunities to create long-term value for society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX: HKEX ESG REPORTING CODE CONTENT INDEX

Environmental, Social and Governance Reporting Code		
Categories, Aspects and Key Performance Indicators		The relevant sections of this report disclose or interpretation
Mandatory Disclosure Requirements		
Governance Structure	A Statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainability Governance
Reporting principles	A description of, or an explanation on, the application of the Reporting Principles (materiality, quantitative, and consistency) in the preparation of the ESG Report: Materiality: The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported. Quantitative: KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate. Consistency: The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	Reporting Standards and Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	Reporting Scope and Period

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code			
Categories, Aspects and Key Performance Indicators			The relevant sections of this report disclose or interpretation
"Comply or explain" Provisions			
A. Environment			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Environmental Sustainability	Environmental Sustainability
	KPI A1.1	The types of emissions and respective emissions data.	Air emission
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Air emission & GHG emission
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Electricity & Other energy resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code			
Categories, Aspects and Key Performance Indicators			The relevant sections of this report disclose or interpretation
B. Social			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Compensation and dismissal
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards	General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code			
Categories, Aspects and Key Performance Indicators			The relevant sections of this report disclose or interpretation
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social and Environmental Risk Control
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product quality and operation safety
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Compliant handling, Privacy matters & Advertising
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Compliant handling, Privacy matters & Advertising
	KPI B6.4	Description of quality assurance process and recall procedures.	Product quality and operation safety
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Compliant handling, Privacy matters & Advertising
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Reporting Code			
Categories, Aspects and Key Performance Indicators			The relevant sections of this report disclose or interpretation
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports). Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports).	Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

PART D: CLIMATE-RELATED DISCLOSURES INDEX

ESG Code	Section	Descriptions	Remarks/Explanations
Governance			
19(a)(i) – (iv)	Climate change – Governance	Information on the issuer's governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.	The Group currently does not incorporate climate-related performance metrics into our remuneration policies.
19(b)(i) – (ii)	Climate change – Governance	Information on the issuer's management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Governance
Strategy			
20(a) – (d)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's climate-related risks and opportunities that could reasonably affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	Strategy
21(a) – (b)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	Strategy
22(a)(i)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's current and anticipated changes to the issuer's business model to address climate-related risks and opportunities.	Strategy
22(a)(ii)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's current and anticipated adaptation and mitigation efforts.	Strategy
22(a)(iii)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's climate-related transition plan, or an appropriate negative statement.	Strategy
22(a)(iv)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's plans to achieve any climate-related targets, described in accordance with paragraphs 37 to 40.	Strategy
22(b)	Climate change – Strategy – Action Plan	Information on the issuer's climate-related risks and opportunities in its strategy and decision-making.	Strategy
23	Climate change – Strategy – Action Plan	Information on the issuer's progress of plans disclosed in previous Reporting Periods in accordance with paragraph 22(a)	Strategy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

24(a) – (b)	N.A.	Qualitative and quantitative information on how climate-related risks and opportunities have affected its financial position, financial performance and cash flows during the Reporting Period, and the extent to which these factors might pose a significant risk of material adjustment within the next annual Reporting Period.	The Group is currently refining the quantitative data for climate-related risks and opportunities.
25(a) – (b)	N.A.	Qualitative and quantitative information on how the issuer's financial position, financial performance, and cash flows are expected to change over the short, medium, and long term.	The Group is currently refining the quantitative data for climate-related risks and opportunities.
26(a)(i)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's understanding of the resilience of its strategy and business model to climate-related changes, developments and uncertainties, while considering its identified climate-related risks and opportunities.	The Group is currently enhancing our climate-related data management and analytical framework, and intends to make relevant disclosures in the future when feasible, in order to further enhance the accuracy of the information provided.
26(a)(ii)	Climate change – Climate Resilience	Information on the issuer's understanding of the resilience of its strategy and business model to climate-related changes, developments and uncertainties, while considering its identified climate-related risks and opportunities.	The Group is currently enhancing our climate-related data management and analytical framework, and intends to make relevant disclosures in the future when feasible, in order to further enhance the accuracy of the information provided.
26(a)(iii)	Climate change – Strategy – Assessing Our Climate Risks	Information on the issuer's understanding of the resilience of its strategy and business model to climate-related changes, developments and uncertainties, while considering its identified climate-related risks and opportunities.	The Group is currently enhancing our climate-related data management and analytical framework, and intends to make relevant disclosures in the future when feasible, in order to further enhance the accuracy of the information provided.
26(b)(i)-(iii)	Climate change – Climate Resilience	Information on how and when the issuer's climate-related scenario analysis was carried out.	The Group is currently enhancing our climate-related data management and analytical framework, and intends to make relevant disclosures in the future when feasible, in order to further enhance the accuracy of the information provided.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management			
27(a) – (c)	Climate change – Governance	Information on the issuer’s processes and related policies used to identify, prioritise, and monitor climate-related risks, opportunities, and how the processes are integrated into and inform the issuer’s overall risk management process.	Governance
Metrics and Targets			
28(a) – (c)	Climate change – Greenhouse Gas Emissions	Information on the issuer’s Scope 1 greenhouse gas emissions, Scope 2 greenhouse gas emissions, and Scope 3 greenhouse gas emissions generated during the Reporting Period.	Climate change
29(a) – (d)	Climate change – Greenhouse Gas Emissions	Information on the issuer’s measurement methodology, the disclosure of location-based Scope 2 greenhouse gas emissions, and the categories included in its Scope 3 emissions reporting.	Climate change
30	N.A.	Information on the issuer’s amount and percentage of assets of business activities vulnerable to climate-related transition risks.	The Group is currently refining the data for the quantification of assets and business activities exposed to climate-related risks and opportunities..
31	N.A.	Information on the issuer’s amount and percentage of assets of business activities vulnerable to climate-related physical risks.	The Group is currently refining the data for the quantification of assets and business activities exposed to climate-related risks and opportunities.
32	N.A.	Information on the issuer’s amount and percentage of assets or business activities aligned with climate-related opportunities.	The Group is currently refining the data for the quantification of assets and business activities exposed to climate-related risks and opportunities.
33	N.A.	Information on the issuer’s amount of capital expenditure, financing, or investment deployed towards climate-related risks and opportunities.	The Group is currently refining the data for the quantification of assets and business activities exposed to climate-related risks and opportunities.
34(a) – (b)	N.A.	Information on the issuer’s intent to apply a carbon price in decision-making, and specific pricing employed to assess the costs of its greenhouse gas emissions. If no carbon price is used, a statement to that effect must be provided.	The Group currently does not apply carbon pricing in our decision-making process.
35	N.A.	Information on whether and how climate-related considerations are factored into the issuer’s remuneration policy, or an appropriate negative statement.	The Group currently does not incorporate climate-related considerations into our remuneration policies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Metrics and Targets			
36	N.A.	Information on the issuer's disclosure of industry-based metrics that are related to one or more particular business models, activities or other common features that characterise participation in an industry.	The Group currently does not apply carbon pricing in our decision-making process.
37(a) – (h)	Climate change – Strategy – Metrics and Targets	Information on the issuer's disclosure of qualitative and quantitative climate-related targets toward achieving its strategic goals and targets it needs to meet by law or regulation, including any greenhouse gas emissions targets.	Climate Change
38(a)	Climate change – Strategy – Metrics and Targets	Information on the issuer's disclosure of whether the target and the methodology for setting the target have been validated by a third party.	The Group is currently in the process of optimising its environmental management system and has not yet set quantitative targets for various environmental indicators that have been verified by third parties.
38(b)	Climate change – Governance; Strategy – Action Plan	Information on the issuer's disclosure of its processes for reviewing the target.	The Group's current environmental targets and the methodologies adopted for setting them are primarily reviewed and approved by internal management based on historical operational experience. At present, no independent third-party verification has been conducted. As our management systems continue to mature, we will assess the feasibility of introducing external assurance to further enhance credibility and transparency.
38(c)	Climate change – Strategy – Action Plan	Information on the issuer's disclosure on the metrics used to monitor progress toward reaching the target.	Although the Group has not yet established final quantitative emission reduction targets, we have begun adopting “energy consumption intensity” and “water consumption intensity” as internal monitoring indicators. We will continue to accumulate and analyse relevant data to support the formulation of more meaningful and measurable key performance indicators in the future.
38(d)	N.A.	Information on the issuer's disclosure on any revisions to the target and an explanation for those revisions.	Climate change
39	Climate change – Strategy – Metrics and Targets; Action Plan	Information on the issuer's performance against each climate-related target and an analysis of trends or changes in its performance.	Climate change
40(a) – (e)	Climate change – Strategy – Metrics and Targets	Information on the issuer's disclosure of greenhouse gas emissions target in accordance with paragraphs 37 to 39.	Climate change

INDEPENDENT AUDITOR'S REPORT

容诚 | RCHK

TO THE SHAREHOLDERS OF TONGGUAN GOLD GROUP LIMITED (潼關黃金集團有限公司)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Tongguan Gold Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 121 to 216, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

Impairment assessment of other intangible assets, exploration and evaluation assets, property, plant and equipment, right-of-use assets and goodwill

Refer to Notes 15, 16, 17, 18 and 19 to the consolidated financial statements.

As at 31 December 2025, the carrying amounts of the Group's goodwill, other intangible assets, exploration and evaluation assets, property, plant and equipment and right-of-use assets relating to the gold mining operation amounted to approximately HK\$787,554,000, HK\$237,373,000, HK\$2,018,846,000, HK\$2,074,720,000 and HK\$72,398,000, respectively, details of which are disclosed in Notes 18, 19, 16, 15 and 17 to the consolidated financial statements. Based on the impairment assessments, the management concluded that no impairment loss is required to be made against the Group's other intangible assets, exploration and evaluation assets, property, plant and equipment and right-of-use assets for the year ended 31 December 2025.

As disclosed in the consolidated financial statements, the carrying amount of non-current assets of the Group's gold mining operation in Tongguan County, Subei County and Longnan County as approximately HK\$3,555,576,000, HK\$1,501,375,000 and HK\$133,940,000 respectively at 31 December 2025 and based on the management's assessment at the end of the reporting period, no impairment loss is to be recognised in the Group's profit or loss in respect of the year ended 31 December 2025.

We identified the impairment assessment of other intangible assets, exploration and evaluation assets, property, plant and equipment, right-of-use assets and goodwill as a key audit matter due to significant judgements and estimations made by the management in assessing the impairment of these assets and the significance of their carrying amounts recognised in the consolidated financial statements.

The management assessed the impairment of these assets by comparing their recoverable amounts with the carrying amounts at the end of the reporting period. The recoverable amount was determined with reference to the value in use of the relevant cash-generating units ("CGUs"), by applying an appropriate discount rate, growth rates and expected changes in gold price and direct costs.

How our audit addressed the key audit matter:

Our procedures in relation to evaluating the impairment assessment of other intangible assets, exploration and evaluation assets, property, plant and equipment, right-of-use assets and goodwill relating to the gold mining operation included:

- Understanding the key controls relating to the impairment assessment process performed by the management including the value in use calculation and identification of the cash-generating units of the Group;
- Assessing the competence, capabilities and objectivity of the independent professional valuer engaged by the Group;
- Evaluating the Group's assessment as to whether any impairment indications exists in respect of the non-current assets other than goodwill;

INDEPENDENT AUDITOR'S REPORT

- Challenging and evaluating the reasonableness of the methodology and assumptions used by the management in determining value in use of the CGUs with the assistance of our internal valuation specialist, including the suitable discount rate and expected changes in gold price and direct costs;
- Evaluating basis of management's cash flow forecasts by comparing the actual results of those CGUs to the previously forecasted results;
- Assessing the reasonableness of gross profit ratios applied in the forecast based on historical results and trends;
- Challenging management's assessment of the potential impact on the value in use calculations due to reasonably possible changes on discount rate; and
- Evaluating the adequacy of disclosures in connection with respective impairment assessment for relevant non-current assets as mentioned above.

OTHER INFORMATION

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR’S REPORT

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

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

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

RONGCHENG (HONG KONG) CPA Limited

Certified Public Accountants

Wong Cho Yi

Practising Certificate Number: Po7897

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	6	2,396,218	1,604,821
Cost of sales		(1,085,267)	(1,081,630)
Gross profit		1,310,951	523,191
Other income	7	8,368	4,000
Other net gains and losses	8	(32,426)	(19,371)
Administrative and other expenses		(206,332)	(169,982)
Finance costs	9	(35,226)	(30,821)
Profit before tax	10	1,045,335	307,017
Income tax expense	11	(190,152)	(96,879)
Profit for the year		855,183	210,138
Other comprehensive income (expense), net of tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		3,680	105
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		91,888	(52,695)
Other comprehensive income (expense) for the year, net of tax		95,568	(52,590)
Total comprehensive income for the year		950,751	157,548

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Profit (loss) for the year attributable to:			
– Owners of the Company		830,429	211,136
– Non-controlling interests		24,754	(998)
		855,183	210,138
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		918,986	164,260
– Non-controlling interests		31,765	(6,712)
		950,751	157,548
Earnings per share – Basic	14	HK18.81 cents	HK5.19 cents
Earnings per share – Diluted	14	HK18.71 cents	HK5.19 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	2,076,115	1,746,044
Right-of-use assets	17	73,926	49,868
Exploration and evaluation assets	16	2,018,846	1,308,636
Goodwill	18	787,554	752,017
Other intangible assets	19	237,373	257,175
Other financial assets	20	7,398	3,718
Amounts due from associates	22	63,935	–
Interests in associates	22	3,765	–
Financial assets at fair value through profit or loss	21	54,434	–
Other receivable and deposit	24	17,271	14,039
		5,340,617	4,131,497
Current assets			
Inventories	23	272,277	188,015
Trade and other receivables, deposits and prepayments	24	166,474	101,863
Restricted bank deposit	25	110,710	–
Cash and cash equivalents	25	638,491	172,329
		1,187,952	462,207
Current liabilities			
Other payables	26	743,263	484,595
Bank and other borrowings	28	454,132	498,199
Contract liabilities	27	38,310	114,237
Convertible bond	29	17,833	–
Lease liabilities	17	986	1,227
Tax payables		272,824	183,506
		1,527,348	1,281,764
Net current liabilities		(339,396)	(819,557)
Total assets less current liabilities		5,001,221	3,311,940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Bank and other borrowings	28	23,083	32,397
Other payables	26	165,139	306,287
Contract liabilities	27	177,276	–
Convertible bond	29	17,708	–
Contingent consideration payables	29	53,010	–
Provision for restoration and environmental costs	31	16,900	16,282
Lease liabilities	17	771	1,754
Deferred tax liabilities	30	374,098	336,253
		827,985	692,973
Net assets		4,173,236	2,618,967
Capital and reserves			
Share capital	32	519,769	407,027
Share premium and reserves		3,469,075	2,073,724
Equity attributable to owners of the Company		3,988,844	2,480,751
Non-controlling interests	35	184,392	138,216
Total equity		4,173,236	2,618,967

The consolidated financial statements on pages 121 to 216 were approved and authorised for issue by the Board of Directors on 27 March 2026 and are signed on its behalf by:

Yeung Kwok Kuen
Director

Shi Xingzhi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company									Non-controlling interests HK\$'000 (Note 35)	Total HK\$'000
	Share capital HK\$'000 (Note 32)	Share premium HK\$'000 (Note 33(a))	Statutory surplus reserve HK\$'000 (Note 33(b))	Contributed surplus HK\$'000 (Note 33(c))	Share option reserve HK\$'000 (Note 33(d))	Investment revaluation reserve HK\$'000 (Note 33(e))	Translation reserve HK\$'000 (Note 33(f))	Retained earnings HK\$'000 (Note 33(g))	Sub-total HK\$'000		
At 1 January 2024	407,027	1,416,337	29,280	287,496	–	(52,120)	(90,596)	319,067	2,316,491	144,928	2,461,419
Profit (loss) for the year	–	–	–	–	–	–	–	211,136	211,136	(998)	210,138
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	(46,981)	–	(46,981)	(5,714)	(52,695)
Fair value changes of equity investments at fair value through other comprehensive income	–	–	–	–	–	105	–	–	105	–	105
Other comprehensive income (expense) for the year	–	–	–	–	–	105	(46,981)	–	(46,876)	(5,714)	(52,590)
Total comprehensive income (expense) for the year	–	–	–	–	–	105	(46,981)	211,136	164,260	(6,712)	157,548
At 31 December 2024	407,027	1,416,337	29,280	287,496	–	(52,015)	(137,577)	530,203	2,480,751	138,216	2,618,967
At 1 January 2025	407,027	1,416,337	29,280	287,496	–	(52,015)	(137,577)	530,203	2,480,751	138,216	2,618,967
Profit for the year	–	–	–	–	–	–	–	830,429	830,429	24,754	855,183
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	84,877	–	84,877	7,011	91,888
Fair value changes of equity investments at fair value through other comprehensive income	–	–	–	–	–	3,680	–	–	3,680	–	3,680
Other comprehensive income for the year	–	–	–	–	–	3,680	84,877	–	88,557	7,011	95,568
Total comprehensive income for the year	–	–	–	–	–	3,680	84,877	830,429	918,986	31,765	950,751
Issuance of shares, net of transaction costs (Note 32)	32,742	192,727	–	–	–	–	–	–	225,469	–	225,469
Share options granted under share option schemes (Note 34)	–	–	–	–	16,410	–	–	–	16,410	–	16,410
Forfeiture/lapse of share options under share option schemes (Note 34)	–	–	–	–	(125)	–	–	125	–	–	–
Acquisition of subsidiaries (Note 36)	–	–	–	–	–	–	–	–	–	13,858	13,858
Acquisition of assets (Note 36)	80,000	320,000	–	–	–	–	–	–	400,000	553	400,553
Dividend paid (Note 13)	–	–	–	(52,772)	–	–	–	–	(52,772)	–	(52,772)
At 31 December 2025	519,769	1,929,064	29,280	234,724	16,285	(48,335)	(52,700)	1,360,757	3,988,844	184,392	4,173,236

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Profit before tax		1,045,335	307,017
Adjustments for:			
Interest income	7	(5,913)	(2,056)
Interest expenses	9	35,226	30,821
Depreciation of property, plant and equipment	10	103,833	90,081
Depreciation of right-of-use assets	10	4,748	2,806
Amortisation of other intangible assets	10	25,745	21,028
Government grants		–	(9,713)
Loss on disposal of property, plant and equipment	8	1,257	3,911
Impairment losses in respect of other receivables	8	17,227	8,795
Fair value gains on financial assets at fair value through profit or loss	8	(19,547)	–
Fair value changes on derivative component of convertible bond and contingent consideration payables	8	55,232	–
Gain on modification of other borrowing	8	(23,933)	–
Share-based payments	34	16,410	–
Impairment losses on interest in an associate	8	–	3,212
Impairment losses on amount due from an associate	8	–	1,625
Provision for restoration and environment costs	31	2,484	2,802
Cash flow before changes in working capital		1,258,104	460,329
Increase in inventories		(77,174)	(102,644)
(Increase) decrease in trade and other receivables, deposits and prepayments		(156,098)	3,185
(Decrease) increase in other payables		(15,359)	93,817
Increase in contract liabilities		60,544	102,486
Cash generated from operations		1,070,017	557,173
Income tax paid		(88,550)	(48,826)
Net cash generated from operating activities		981,467	508,347

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities			
Increase in restricted bank deposit		(108,460)	–
Addition to purchase of property, plant and equipment		(355,947)	(109,565)
Addition to purchase of exploration and evaluation assets		(84,731)	(25,448)
Net increase (decrease) in other payables for property, plant and equipment and exploration and evaluation assets		217,022	(102,762)
Payment for purchases of right-of-use assets		(27,135)	–
Increase in investment in associates		(3,689)	–
Advance to associates		(62,636)	–
Payment for restoration and environment costs	31	(2,280)	(2,468)
Proceeds from disposal of property, plant and equipment		256	61
Acquisition of subsidiaries, net of cash acquired	36	18,699	–
Acquisition of assets, net of cash acquired	36	1,108	–
Advance to an independent third party	24(e)	–	(14,039)
Interest received		5,913	2,056
Net cash used in investing activities		(401,880)	(252,165)
Cash flows from financing activities			
Repayment of bank and other borrowings		(679,696)	(765,609)
New bank and other borrowings raised		631,237	744,447
Advance from related parties		–	6,511
Repayment to related parties		(123,839)	(205,106)
Payment of principal portion of lease liabilities		(1,228)	(1,416)
Repayment of other borrowing included in other payables		–	(8,314)
Issuance of shares, net of transaction cost		225,469	–
Repayment of promissory note payable		(80,000)	–
Dividends paid to shareholder	13	(52,772)	–
Interest paid on lease liabilities		(157)	(654)
Interest paid		(24,692)	(20,115)
Government grants in regards of closure works of the tailings dam		–	9,713
Net cash used in financing activities		(105,678)	(240,543)
Net increase in cash and cash equivalents		473,909	15,639
Cash and cash equivalents at beginning of the year		172,329	157,887
Effect of exchange rate changes on cash and cash equivalents		(7,747)	(1,197)
Cash and cash equivalents at end of the year, represented by bank balances and cash		638,491	172,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

1. GENERAL INFORMATION

Tongguan Gold Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The information of shareholders are disclosed in the directors’ report to the annual report. The Company is an investment holding company.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in (i) gold mining operation, which 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; and (ii) gold recycling, which is purchasing the gold related materials, refining and sale of gold bullion. The Group’s gold mining operation and gold recycling are mainly carried out in the People’s Republic of China (the “PRC”).

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

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

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Shares* are also made.

HKFRS 18, and amendments to other standards, will effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provision. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income. The Group is in process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. BASIS OF PREPARATION

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

Basis of measurement and going concern assumption

The Group had net current liabilities of approximately HK\$339,396,000 at 31 December 2025 (2024: approximately HK\$819,557,000).

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company have given careful consideration to the current and anticipated future liquidity needs of the Group. The directors of the Company have prepared a cash flow forecast covering the next 12 months from the end of reporting period. In preparing the cash flow forecast, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Group’s available sources of financing in assessing.

Having taken into account the above, the directors of the Company consider that the Group will have sufficient financial resources generated from operations to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the 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 write down 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 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations or asset acquisition

Optional concentration test

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

Asset acquisitions

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

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC) – Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC) – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations or asset acquisition (Continued)

Business combinations (Continued)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations or asset acquisition (Continued)

Business combinations (Continued)

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

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

Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (“CGU”) (or groups of cash-generating units (“CGUs”)) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of CGUs).

On the disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control (see accounting policy above).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Interests in associates

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

The results and assets and liabilities of associates are accounted for in the consolidated financial statements using the equity method whereby they are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, that is, when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

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 customer at the designated point. Transportation and other related activities that occur before customers obtain control of the related goods are considered as fulfilment activities.

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

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.

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 6 to the consolidated financial statements).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment (Continued)

Property, plant and equipment, except for mining structures, are depreciated so as to write off their costs less their estimated residual values over their estimated useful lives on a straight-line basis. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as follows:

Buildings	Shorter of lease term of land or 10-40 years
Plant and machinery	3-10 years
Furniture, fixtures and equipment	5-10 years
Motor vehicles	4-10 years

Mining structures located in the mining site are depreciated using the Unit-of-Production (“UOP”) method to write-off cost of the assets proportionately to the extraction of the proven and probable mineral reserves. A stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible assets in according to the nature of the existing asset of which it forms part.

Construction in progress represents mining structures, buildings and machinery in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

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

Leases

Definition of a lease

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

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

Short-term leases

The Group applies the short-term lease recognition exemption to leases of machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets include:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- A lease contract is modified and the lease modification is not accounted for as a separate lease.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Exploration and evaluation assets

All costs directly associated with exploration and evaluation assets are initially capitalised. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss. Exploration and evaluation assets are those expenditures for an area where technical feasibility and commercial viability has not been determined. Exploration and evaluation assets include acquisition of the rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, sampling and trenching and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. Expenditure incurred prior to acquiring legal rights of tenure explore an area is written off as expense as incurred. Exploration and evaluation assets are written off to profit or loss if the exploration property is abandoned.

Exploration and evaluation assets which became demonstrable and reached the development phase are transferred to mining rights and property, plant and equipment. Exploration and evaluation assets are assessed for impairment annually, to initial recognition, whenever indicators of impairment exist, before reclassification.

Intangible assets (other than goodwill)

Intangible assets acquired separately with finite useful lives are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Mining rights with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the UOP method over the estimated total proven and probable mineral reserves within the terms of the mining license.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible asset, measured as the difference between the net sales proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the assets (other than financial assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, exploration and evaluation assets, and other intangible assets are estimated individually. Where it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on the estimated future cash flows expected to be derived from the asset or a CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill, if applicable, and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. An impairment loss is recognised as an expense immediately.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits. Bank balances for which use by the Group is subject to third party contractual or regulatory restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalent as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 25 to the consolidated financial statements.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities of fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of financial asset.

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

(i) *Amortised cost and interest income*

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

(ii) *Equity instruments designated as at fair value through other comprehensive income (“FVTOCI”)*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with the changes in fair value of the investments recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative fair value changes recognised in investment revaluation reserve will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets 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.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, deposits, amounts due from associates, restricted bank balances and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial asset (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) *Significant increase in credit risk (Continued)*

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial asset (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors including the time value of money, where appropriate, by applying practical expedient for trade receivables that is available without undue cost or effect.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial asset (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

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

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

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

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

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

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the 'other net gains and losses' line item as part of the net foreign exchange (losses) gains;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other net gains and losses' line item as part of the gain/ (loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

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

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including other payables, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

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

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

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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period. These foreign exchange gains and losses are recognised in the ‘other net gains and losses’ line item in profit or loss as part of net foreign exchange (losses) gains.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition and modification of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Derecognition and modification of financial liabilities (Continued)

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

When the contractual terms of financial liabilities are modified, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The bill payables was off set with cash deposit as the Group has a legally enforceable right to set off the recognised amounts. Details are disclosed in Note 28 to the financial statements.

Inventories

The Group's inventories include raw materials, work in progress, finished goods and consumable materials.

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of processing and other expenditures incurred in bringing the inventories to their present location and condition. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax expense.

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

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

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

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

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

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

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which the operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and monetary liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e., HK\$) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated into presentation currency of the Group (i.e., HK\$”) at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation attributable to the owners of the Company up to the date of disposal are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the other comprehensive income.

Employee benefits

(i) Short term employee benefits

Short term employee benefits are recognised at the undiscounted amount of the employee benefits (other than termination benefits) that are expected to be settled in full before twelve months after the end of the reporting period in which the employees render the related service. Short term employee benefits are recognised in profit or loss as expense when the employees render the related service.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits (Continued)

(ii) *Defined contribution retirement plan*

Payments to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

For long services payment obligation, the Group accounts for the employers Mandatory Provident Fund (“MPF”) contributions expected to be offset as a deemed employee contributions towards the LSP obligation in terms of HKAS 19 *Employee Benefits* paragraph 93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group’s MPF contributions that have been vested with employees and would be used to offset the employees’ LSP benefits, which are deemed to be contributions from the relevant employees.

(iii) *Termination benefits*

Termination benefits termination are recognised as a liability at the benefit earlier of when the Group can no longer withdraw the offer of those termination benefits and when the Group recognises any related restructuring costs involving the payment of termination benefits.

Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant, using a binomial option pricing model. Such fair value is recognised as expense in profit or loss without taking into consideration all non-market vesting conditions over the vesting period, based on the Group’s estimate of equity instruments that will eventually vested on a straight-line basis with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. The impact of revision of the original estimates, if any, is recognised in profit or loss, such that cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option reserve. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited/lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which are assets that require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets until such time of the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions and contingent liabilities

Provisions are recognised as a liabilities due to uncertainty in timing or amount when the Group has a present, legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

Provisions for land reclamation and cavity refill costs and environmental rehabilitation are based on estimates of required expenditure on the mines in accordance with the relevant rules and regulations in the PRC. The Group estimates its liabilities for land reclamation and cavity refill, and environmental rehabilitation based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Provisions for land reclamation and cavity refill cost, and environmental rehabilitation are recognised in profit or loss in the period when the obligation is identified.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties (Continued)

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) *Mine reserves*

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated on regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates and amortisation rates of those non-financial assets depreciated or amortised under UOP method.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses of mining structure and amortisation of other intangible assets and impairment losses (see below).

(ii) *Impairment of non-current assets (including goodwill)*

The management assesses goodwill for impairment annually or more frequently, if indicators of impairment exist; while for other non-current financial assets, the management assesses at the end of each reporting period whether non-financial assets (other than goodwill) suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The determination of recoverable amount of the relevant CGUs involves significant estimation of future cash flows and the selection of appropriate discount rates and expected change in gold price and direct cost which form part of the relevant CGU. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment loss or reversal of impairment loss in the future periods, where applicable.

The Group determines the recoverable amounts of the CGUs using value-in-use calculation base on discount cash flows model. Under discounted cash flow models, estimated cash flows of the relevant CGUs are based on significant management's estimation and judgement including discount rate and expected changes in gold price and direct costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) *Impairment of non-current assets (including goodwill) (Continued)*

As at 31 December 2025, the carrying amount of other intangible assets, exploration and evaluation assets, property, plant and equipment, right-of-use assets and goodwill relating to the gold mining operation are amounted to approximately HK\$237,373,000, HK\$2,018,846,000, HK\$2,074,720,000, HK\$72,398,000 and HK\$787,554,000 respectively (2024: approximately HK\$257,175,000, HK\$1,308,636,000, HK\$1,745,947,000, HK\$47,243,000 and HK\$752,017,000 respectively).

As at 31 December 2025, the carrying amount of non-current assets of the Group's gold mining operation in Tongguan County, Subei County and Longnan County as approximately HK\$3,555,576,000, HK\$1,501,375,000 and HK\$133,940,000 respectively (2024: approximately HK\$3,347,072,000, HK\$763,946,000 and Nil respectively) and, based on the management's assessment at the end of the reporting period, no impairment loss is to be recognised in the Group's profit or loss in respect of the year ended 31 December 2025.

(iii) *Valuation of purchase price allocation for acquisition of subsidiaries*

The acquisition of subsidiaries was accounted for as a business combination which requires the Group to allocate the purchase price to the assets acquired, liabilities assumed, and identified intangible assets based on their estimated fair values at the date of acquisition. The fair values of the assets acquired, liabilities assumed and identified intangible assets were determined using the discounted cash flow approach and involved various key assumptions and estimates.

Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the fair values of the identifiable assets acquired and liabilities assumed. In aggregate, the fair values of total identifiable net assets amounted to approximately HK\$30,684,000 was recognised in the consolidated statement of financial position as at the acquisition date.

(iv) *Fair value of derivative financial instruments in relation to convertible bond*

Convertible bond

At the end of the reporting period, the Group's derivative financial instruments in relation to convertible bond are stated at fair value of approximately HK\$24,382,000 (2024: Nil) based on the valuation performed by, Masterpiece Valuation Advisory Limited, an independent qualified professional valuer. In determining the fair value, the valuer has applied binomial option pricing model which involves, inter-alia, estimates of certain unobservable inputs, e.g. option-adjusted spread, stock price volatility. The fair value of the derivative financial instruments in relation to convertible bond is sensitive to these estimates. The information about the derivative financial instruments in relation to convertible bond are disclosed in Note 29 to the consolidated financial statements.

Contingent consideration payables

Where the fair value of contingent consideration payables cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted probability-adjusted profit or loss projection. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as probability adjusted profit/loss and expected fair value of convertible bonds to be issued. Changes in assumptions about these factors could affect the reported fair value of contingent consideration payables. Details of the calculation are disclosed in Note 29 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(v) *Fair value of financial assets at fair value through profit or loss*

At the end of the reporting period, the Group's derivative financial instruments in relation to redemption option under the Streaming Agreement are classified as financial assets which stated at fair value through profit or loss of approximately HK\$54,434,000 (2024: Nil). The fair value of financial assets shall be remeasured at the end of each reporting period, and the fair value as at 31 December 2025 was based on the valuation performed by, Masterpiece Valuation Advisory Limited, an independent qualified professional valuer. In determining the fair value, the valuer has applied binomial option pricing model which involves, inter-alia, estimates of certain unobservable inputs, e.g. gold spot price and gold price volatility. The fair value of the derivative financial instruments is sensitive to these estimates. The information about the derivative financial instruments in relation to redemption option under the Streaming Agreement are disclosed in Note 21 to the consolidated financial statements.

(vi) *Going concern and liquidity*

As explained in Note 3 to the financial statements, the Group had net current liabilities of approximately HK\$339,396,000. The directors of the Company consider that the Company has ability to continue as a going concern and details of which are set out in Note 3 to the consolidated financial statements.

6. REVENUE AND SEGMENT REPORTING

Segment revenue and results

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 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

On 2 June 2025, the Company entered into a precious metals purchase agreement ("Streaming Agreement") with Zijin Metal Company Limited (the "Buyer"), pursuant to which the Buyer agreed to advance an upfront cash payment of US\$25,000,000 in exchange for the delivery of up to 422 kg of refined gold produced from an agreed mining areas of Subei County Holecadegai Northeast Mining Co., Ltd.'s in Gansu Province over a period ending 31 December 2033.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. REVENUE AND SEGMENT REPORTING (CONTINUED)

Segment revenue and results (Continued)

The upfront consideration received has been recognised as a contract liability and will be recognised as revenue as gold bullion is delivered in accordance with the delivery schedule.

Except for revenue generated from Streaming Agreement, all remaining revenue are for periods for a year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts is not disclosed.

Under the Streaming Agreement, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligation as at 31 December 2025 is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	30,670	–
More than one year	177,276	–
	207,946	–

Included in the gold mining operation segment revenue is revenue recognised under the Streaming Agreement of approximately HK\$29,042,000 for the year ended 31 December 2025 (2024: Nil).

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.

The segment results represent the gross profit earned by each segment (segment revenue less segment cost of sales). Other income, other net gains and 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 year ended 31 December 2025

	Gold mining operation HK\$'000	Gold recycling HK\$'000	Total HK\$'000
Revenue	2,396,218	–	2,396,218
Cost of sales	(1,085,267)	–	(1,085,267)
Segment results	1,310,951	–	1,310,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. REVENUE AND SEGMENT REPORTING (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Gold mining operation HK\$'000	Gold recycling HK\$'000	Total HK\$'000
Revenue	1,302,774	302,047	1,604,821
Cost of sales	(779,802)	(301,828)	(1,081,630)
Segment results	522,972	219	523,191

The reportable segment results are reconciled to profit after tax of the Group as follows:

	2025 HK\$'000	2024 HK\$'000
Reportable segment results	1,310,951	523,191
<i>Unallocated income and expenses:</i>		
Other income	8,368	4,000
Other net gains and losses	(32,426)	(19,371)
Administrative and other expenses	(206,332)	(169,982)
Finance costs	(35,226)	(30,821)
Profit before tax	1,045,335	307,017
Income tax expense	(190,152)	(96,879)
Profit for the year	855,183	210,138

The Group's revenue are derived from contracts with customers recognised at a point in time during the year as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Income from gold mining operation	2,396,218	1,302,774
Income from gold recycling	–	302,047
	2,396,218	1,604,821

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 customer. Transportation and other related activities that occur before customers obtain control of the related goods are considered as fulfilment activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. REVENUE AND SEGMENT REPORTING (CONTINUED)

Segment revenue and results (Continued)

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.

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 years contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	1,492,558	875,479
Customer B	N/A (Note)	306,986
Customer C	250,707	N/A (Note)
Customer D	248,331	N/A (Note)

Included in revenue, consist of approximately HK\$124,801,000 for the year ended 31 December 2025 (2024: approximately HK\$86,393,000) is derived from selling gold bullion in a trading platform of Shanghai Gold Exchange through a member registered in Shanghai Gold Exchange.

Note:

The corresponding revenue did not contribute more than 10% of the Group's revenue for the representative year.

7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Government grants (Note)	2,318	1,917
Interest on bank deposits	5,195	1,337
Interest on loan receivable (Note 24(e))	718	719
Others	137	27
	8,368	4,000

Note:

The government grants represent subsidies from local government authorities for development scheme and salaries subsidies which were immediately recognised as other income for the year. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. OTHER NET GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange losses	(2,147)	(1,332)
Impairment losses in respect of other receivables (Note 24(b))	(17,227)	(8,795)
Impairment losses on interest in an associate (Note 22)	–	(3,212)
Impairment losses on amount due from an associate (Note 22)	–	(1,625)
Loss on disposal of property, plant and equipment	(1,257)	(3,911)
Gain on modification of other borrowing (Note 28(a))	23,933	–
Fair value gains on financial assets at fair value through profit or loss	19,547	–
Fair value changes on derivative component of convertible bond and contingent consideration payables (Note 29)	(55,232)	–
Others	(43)	(496)
	(32,426)	(19,371)

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank and other borrowings	24,692	23,619
Interest on promissory note payable at amortised cost	4,290	6,548
Interest expenses on lease liabilities (Note 17)	157	654
Interest expense on contract liabilities under the Streaming Agreement (Note 27)	5,918	–
Interest expense on convertible bond (Note 29)	169	–
	35,226	30,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2025 HK\$'000	2024 HK\$'000
Directors' and chief executives' emoluments (<i>Note 12</i>)	7,946	4,107
Staff's salaries, bonus and allowances	105,514	52,810
Contributions to staff's retirement benefits schemes	7,728	7,599
Total staff costs	121,188	64,516
Amortisation of other intangible assets	25,745	21,028
Auditor's remuneration (<i>Note (a)</i>)	2,600	2,000
Cost of sales comprise of:		
– Cost of inventories recognised as an expense (<i>Note (b)</i>)	876,047	975,878
– Taxes and surcharges (<i>Note (c)</i>)	209,220	98,713
Depreciation charges		
– property, plant and equipment	103,833	90,081
– right-of-use assets		
– office premise and factories	1,102	1,400
– prepaid lease payments	3,646	1,406
Invalid exploration costs recognised in administrative and other expenses	2,692	39,617

Notes:

- (a) The auditor's remuneration comprised audit services and non-audit services of HK\$1,600,000 and HK\$1,000,000 respectively (2024: HK\$1,500,000 and HK\$500,000 respectively).
- (b) Costs of inventories recognised as an expense mainly include mining extraction costs and mining ore processing costs of approximately HK\$714,627,000 (2024: approximately HK\$547,440,000); amortisation and depreciation charges of approximately HK\$104,554,000 (2024: approximately HK\$84,999,000), staff costs of approximately HK\$29,941,000 (2024: approximately HK\$17,132,000) and purchase costs of gold related materials of Nil (2024: approximately HK\$301,695,000).
- (c) Taxes and surcharges mainly include resource tax of approximately HK\$85,740,000 (2024: approximately HK\$34,912,000) and forest and grassland compensation fee of approximately HK\$103,185,000 (2024: approximately HK\$53,613,000), both of which are calculated based on revenue in accordance with relevant regulations.

11. 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 years ended 31 December 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

11. INCOME TAX EXPENSE (CONTINUED)

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, those enterprises could enjoy a reduced EIT rate of 15% from the statutory EIT rate of 25% for up to 2030.

On 28 October 2024, Subei County Holecadegai 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 is for reference only

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

	2025 HK\$'000	2024 HK\$'000
PRC Enterprise Income Tax		
— Current year	176,152	78,532
— Under-provision in prior years	3,130	634
	179,282	79,166
Deferred tax (<i>Note 30</i>)	10,870	17,713
	190,152	96,879

The income tax expense for the year can be reconciled to profit before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	1,045,335	307,017
Notional tax on profit before tax, calculated at 25% (2024: 25%)	261,333	76,754
Income tax on concessionary rate	(111,638)	(6,540)
Tax effect of expenses not deductible for tax purposes	38,621	12,962
Tax effect of income not taxable for tax purposes	(12,670)	(3,747)
Tax losses and temporary differences not recognised	11,376	16,816
Under-provision in prior years	3,130	634
Income tax expense	190,152	96,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and chief executives' emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	2,147	1,020
Other emoluments		
Salaries and other benefits	2,864	2,083
Performance related incentive payments (<i>Note (a)</i>)	1,287	932
Share-based payments	1,553	–
Contributions to retirement benefits schemes	95	72
	7,946	4,107

Directors' and chief executives' emoluments are disclosed as follows:

For the year ended 31 December 2025

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related incentive payments (<i>Note (b)</i>) HK\$'000	Share- based payments HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Executive directors and chief executive						
Wang Dequan (<i>chief executive officer, Note (a)</i>)	107	81	131	200	6	525
Yeung Kwok Kuen	–	1,200	200	321	70	1,791
Shi Xingzhi	240	260	222	257	–	979
Shi Shengli	240	228	177	257	–	902
Jiang Zhiyong	900	900	300	–	12	2,112
Feng Fangqing	120	195	167	257	7	746
Independent non-executive directors						
Chu Kang Nam	180	–	30	87	–	297
Liang Xushu	180	–	30	87	–	297
Leung Ka Wo	180	–	30	87	–	297
	2,147	2,864	1,287	1,553	95	7,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2024

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related incentive payments (Note (b)) HK\$'000	Share- based payments HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Executive directors						
Yeung Kwok Kuen	-	1,200	200	-	70	1,470
Shi Xingzhi	240	195	214	-	-	649
Shi Shengli	240	195	196	-	-	631
Jiang Zhiyong (appointed on 8 October 2024)	-	416	69	-	-	485
Feng Fangqing (appointed on 8 October 2024)	-	77	163	-	2	242
Independent non-executive directors						
Chu Kang Nam	180	-	30	-	-	210
Liang Xushu	180	-	30	-	-	210
Leung Ka Wo	180	-	30	-	-	210
	1,020	2,083	932	-	72	4,107

Notes:

- Wang Dequan was appointed as a chief executive officer on 1 October 2025 and appointed as executive director on 27 March 2026.
- The performance related incentive payments determined with reference to the financial performance of certain subsidiaries of the Group and the market environment during the year.

The executive directors' and chief executives' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as the directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

During the year ended 31 December 2025, 7 directors and chief executive officer (2024: Nil) were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 34 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

Five highest paid employees

The five highest paid employees of the Group during the year included 3 directors of the Company (2024: one director), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining 2 (2024: 4) highest paid employees who are not a director nor chief executive of the Company are as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries and other benefits	1,752	2,680
Performance related incentive payments	360	327
Share-based payments	518	–
Contributions to retirement benefits schemes	41	108
	2,671	3,115

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

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors, chief executive or employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

During the year ended 31 December 2025, 2 of the five highest paid employees who are not a director nor chief executive were granted share options, in respect of their services to the Group under the share option scheme of the Company. Detail of the share option scheme are set out in Note 34 to the consolidated financial statements.

13. DIVIDEND

	2025	2024
	HK\$'000	HK\$'000
2024 Final dividend of HK1.2 cents per ordinary share paid	52,772	–

Subsequent to the end of the reporting period, the Board proposed a final dividend in respect of the year ended 31 December 2025 of HK3.2 cents (2024: HK1.2 cents) per share, which is subject to approval by the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting. The final dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. EARNINGS PER SHARE

(a) Basic Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$830,429,000 (2024: approximately HK\$211,136,000) and the weighted average number of ordinary shares of approximately 4,415,580,000 in issue during the year ended 31 December 2025 (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 year ended 31 December 2025 is based on the following data:

	2025 HK\$'000
Profit attributable to owners of the Company	830,429
Adjustments for interest on convertible bond, net of tax	141
<hr/>	
Profit attributable to owners of the Company for diluted earnings per share	830,570
<hr/>	
	Number of shares '000
Weighted average number of ordinary shares in issue	4,415,580
Effect of dilutive potential ordinary shares on convertible bond	6,000
Effect of dilutive potential ordinary shares on share options	17,065
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Weighted average number of ordinary shares for diluted earnings per share	4,438,645
<hr/>	
	HK Cents
Diluted earnings per share	18.71
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During the year ended 31 December 2025, the dilutive potential ordinary shares include conversion of convertible bond outstanding and share options outstanding as at 31 December 2025, while the conditions in regard for contingent consideration payables and shares options have not been met as at 31 December 2025, the potential issuable ordinary shares were not included in the calculation of diluted earnings per share during the year ended 31 December 2025.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Mining structures HK\$'000	Total HK\$'000
Cost							
At 1 January 2024	291,584	177,111	3,715	11,422	776,354	718,375	1,978,561
Exchange adjustments	(6,276)	(4,197)	(71)	(252)	(16,363)	(15,686)	(42,845)
Additions	1,577	13,620	397	1,593	92,378	-	109,565
Transfer	12,004	74,379	-	-	(141,587)	55,204	-
Transfer from exploration and evaluation assets (Note 16)	-	-	-	-	-	10,995	10,995
Disposals	(5,422)	(4,093)	-	(54)	-	-	(9,569)
At 31 December 2024 and 1 January 2025	293,467	256,820	4,041	12,709	710,782	768,888	2,046,707
Exchange adjustments	11,177	4,871	318	630	19,904	23,986	60,886
Acquisition of subsidiaries/assets (Note 36)	4,632	16,362	42	7,620	-	-	28,656
Additions	28,915	-	12,612	8,722	266,948	38,750	355,947
Transfer	162,629	4,245	182	-	(302,695)	135,639	-
Disposals	(13,310)	(7,231)	(2,008)	(569)	-	-	(23,118)
At 31 December 2025	487,510	275,067	15,187	29,112	694,939	967,263	2,469,078
Accumulated depreciation and impairment							
At 1 January 2024	44,539	67,803	2,396	2,720	-	104,201	221,659
Exchange adjustments	(1,018)	(1,313)	(46)	(71)	-	(3,032)	(5,480)
Charge for the year	17,142	23,507	778	2,631	-	46,023	90,081
Eliminated on disposals	(3,702)	(1,895)	-	-	-	-	(5,597)
At 31 December 2024 and 1 January 2025	56,961	88,102	3,128	5,280	-	147,192	300,663
Exchange adjustments	1,592	2,858	54	253	-	5,315	10,072
Charge for the year	20,126	27,695	1,020	6,093	-	48,899	103,833
Eliminated on disposals	(12,397)	(6,860)	(2,008)	(340)	-	-	(21,605)
At 31 December 2025	66,282	111,795	2,194	11,286	-	201,406	392,963
Net book value							
At 31 December 2025	421,228	163,272	12,993	17,826	694,939	765,857	2,076,115
At 31 December 2024	236,506	168,718	913	7,429	710,782	621,696	1,746,044

Details of impairment assessments are set out in Note 18 to the consolidated financial statements.

Note: Certain property, plant and equipment with carrying amounts of approximately HK\$37,157,000 (2024: approximately HK\$76,781,000) have been pledged to secure certain bank borrowings (Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. EXPLORATION AND EVALUATION ASSETS

	2025 HK\$'000	2024 HK\$'000
Cost		
At 1 January	1,308,636	1,323,399
Exchange adjustments	36,690	(29,216)
Additions	84,731	25,448
Acquisition of assets (Note 36)	588,789	–
Transfer to mining structures (Note 15)	–	(10,995)
At 31 December	2,018,846	1,308,636
Carrying amount		
At 31 December	2,018,846	1,308,636

Details of impairment assessments are set out in Note 18 to the consolidated financial statements.

The Group's exploration and evaluation assets relate to exploration licenses and assets situated in Gansu Province, the PRC and Shaanxi Province, the PRC, which are under the exploration and evaluation stage as at 31 December 2025 with a carrying value of approximately HK\$2,018,846,000 (2024: approximately HK\$1,308,636,000). These assets are not subject to amortisation until they are placed in use.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Right-of-use-assets		
Office premise and factories	1,597	2,698
Leasehold land	72,329	47,170
	73,926	49,868
Lease liabilities		
Current liabilities	986	1,227
Non-current liabilities	771	1,754
	1,757	2,981

The leasehold land represented land in the PRC under a lease term of 50 years.

At 31 December 2025, certain of the Group's leasehold land with carrying amount of approximately HK\$46,183,000 (2024: approximately HK\$46,427,000) were pledged to secure certain bank borrowings (Note 28).

Addition to the right-of-use assets during the year ended 31 December 2025 represented approximately HK\$27,135,000 from leasehold land while during the year ended 31 December 2024, addition to right-of-use assets represented approximately HK\$2,749,000 from lease of a new office premise for 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Depreciation of right-of-use-assets		
Office premise and factories	1,102	1,400
Leasehold land	3,646	1,406
	4,748	2,806
Interest expenses (included in finance costs) (Note 9)	157	654

The total cash outflow for leases for the year ended 31 December 2024 was approximately HK\$1,385,000 (2024: approximately HK\$2,070,000).

For both years, the Group lease office premise and factories for its operations. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Cost		
At 1 January	799,139	816,604
Arising from acquisition of subsidiaries (Note 36)	16,324	–
Exchange adjustments	20,400	(17,465)
At 31 December	835,863	799,139
Accumulated impairment		
At 1 January	47,122	48,152
Exchange adjustments	1,187	(1,030)
At 31 December	48,309	47,122
Carrying amount		
At 31 December	787,554	752,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

18. GOODWILL (CONTINUED)

Impairment testing

For the purpose of impairment testing, goodwill arising from business combinations has been allocated to the CGUs under gold mining operation segment in Tongguan County with carrying amount of approximately HK\$609,308,000 (2024: approximately HK\$578,151,000) and in Subei County with carrying amount of approximately HK\$178,246,000 (2024: approximately HK\$173,866,000).

In addition to goodwill, property, plant and equipment, exploration and evaluation assets, other intangible assets and right-of-use assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The cash flows generated from each mine acquired in Tongguan County are dependent on the production through the processing plant in Tongguan County Xiangshun Mining Development Co., Ltd which are identified as a single CGU for impairment assessment propose by the management.

The recoverable amount of each CGU has been determined on a value in use method, which is based on certain key assumptions including the discount rate, expected changes in gold price and direct costs, and estimation of mineral reserves and resources. The estimation of the value in use of each CGU were carried out by an independent professional valuer, Masterpiece Valuation Advisory Limited (2024: Masterpiece Valuation Advisory Limited).

(a) *Gold Mining Operation in Tongguan County*

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections approved by the management which are based on long term mining plans covering the expected life of the operation and are in line with normal practice in the mining industry. Therefore, the projections cover periods will be in excess of five years. Management determined the budgeted gross margin based on past performance and the future gold price outlook. The discount rate reflects the specific risks relating to the CGU. Gold price used are with reference to current market information available at the time of impairment assessment.

	2025	2024
Pre-tax discount rate	13.2%	13.6%
Spot price of Gold	RMB971/g	RMB616/g
Average growth rate of gold price	-0.88%	-0.31%

No impairment is recognised as a result of the annual impairment testing of goodwill for the years ended 31 December 2025 and 2024. The directors of the Company believe that any reasonably possible further change in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. GOODWILL (CONTINUED)

Impairment testing (Continued)

(b) Gold Mining Operation in Subei County

The recoverable amount of the CGU has been determined from value in use calculations based on cash flow projections approved by the management which are based on long term mining plans covering the expected life of the operation and are in line with normal practice in the mining industry. Therefore, the projections cover periods will be in excess of five years. Management determined the budgeted gross margin based on past performance and the future gold price outlook. The discount rate reflects the specific risks relating to the CGU. Gold price used are with reference to current market information available at the time of impairment assessment.

	2025	2024
Pre-tax discount rate	16.5%	15.3%
Spot price of Gold	RMB971/g	RMB616/g
Average growth rate of gold price	-2.03%	-0.40%

No impairment is recognised as a result of the annual impairment testing of goodwill for the years ended 31 December 2025 and 2024. The directors of the Company believe that any reasonably possible further change in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. OTHER INTANGIBLE ASSETS

	Mining rights <i>HK\$'000</i> <i>(Note)</i>
Cost	
At 1 January 2024	401,166
Exchange adjustments	(8,579)
<hr/>	
At 31 December 2024 and 1 January 2025	392,587
Exchange adjustments	9,888
<hr/>	
At 31 December 2025	402,475
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Accumulated amortisation and impairment	
At 1 January 2024	116,989
Exchange adjustments	(2,605)
Charge for the year	21,028
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At 31 December 2024 and 1 January 2025	135,412
Exchange adjustments	3,945
Charge for the year	25,745
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At 31 December 2025	165,102
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Carrying amount	
At 31 December 2025	237,373
<hr/> <hr/>	
At 31 December 2024	257,175
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Details of impairment assessments are set out in Note 18 to the consolidated financial statements.

Notes:

- (i) Mining rights (included in the CGUs of gold mining operation)

The mining licenses and gold mining permits of the relevant gold mining projects have been granted to the Group, which allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining licenses, which ranged from 2 to 12 years (2024: 2 to 12 years).

- (ii) At 31 December 2025, certain of the Group's mining licenses with a carrying amount of approximately HK\$78,109,000 (2024: approximately HK\$108,138,000) were pledged to secure certain bank borrowings (Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. OTHER FINANCIAL ASSETS

	2025 HK\$'000	2024 HK\$'000
Equity securities listed in overseas stock exchange		
— as financial assets measured at FVTOCI	7,398	3,718

The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature. The fair value of the listed equity securities is determined based on the quoted market bid price multiplied by the quantity of shares held by the Company.

21. FINANCIAL ASSETS 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.

22. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	7,042	3,212
Less: impairment losses (<i>Note 8</i>)	(3,277)	(3,212)
	3,765	—
Amounts due from associates	65,596	1,620
Less: expected credit loss allowance	(1,661)	(1,620)
	63,935	—

Movement in impairment loss on amount due from associates:

	2025 HK\$'000	2024 HK\$'000
At 1 January	1,620	3
Impairment loss recognised (<i>Note 8</i>)	—	1,625
Exchange adjustments	41	(8)
At 31 December	1,661	1,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's interest in associates are as follows:

Name	Principal place of business, operation and principal activity	Percentage of ownership interests	
		2025	2024
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) (Notes (a) and (b))	Manufacturing of arts and crafts and park management in the PRC	30%	30%
Shannxi Wanzhong Ruiju Property Company Limited (陝西萬眾睿居置業有限公司) (Note (b))	Development of a gold wholesale centre in PRC	34%	-
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%	-
Guazhou County Aosen Mining Co., Ltd. (瓜州縣奧森礦業有限公司) (Note (b))	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) These companies are a limited liability company established in the PRC. The English translation of the company names are for reference only.

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

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(9,632)	-
Other comprehensive expense	196	(180)
Total comprehensive expense	(9,436)	(180)

23. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials and consumable materials	12,300	9,050
Work in progress	146,030	52,166
Finished goods	113,947	126,799
	272,277	188,015

The Group's inventories mainly included (i) finished goods comprises of gold concentrates, gold bullion and related products; (ii) raw materials and consumable materials for gold mining operation and (iii) work in progress represents partially processed ore that has not reached saleable form.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2025 HK\$'000	2024 HK\$'000
Trade receivables	(a)	94,674	–
Less: loss allowance		–	–
		94,674	–
Other receivables	(c),(d)	55,173	67,408
Loan receivable	(e)	14,392	14,039
Less: loss allowance	(b)	(26,507)	(9,242)
		43,058	72,205
Deposits and prepayments		45,419	43,274
Value added tax recoverable		594	423
		183,745	115,902
Analysed for reporting purposes as:			
– Current portion		166,474	101,863
– Non-current portion		17,271	14,039
		183,745	115,902

Notes:

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	94,674	–

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	9,242	490
Impairment loss recognised (Note 8)	17,227	8,795
Exchange adjustments	38	(43)
At 31 December	26,507	9,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes: (Continued)

- (c) As at the end of 31 December 2025, other receivables amounting to approximately HK\$31,816,000 (2024: approximately HK\$31,034,000) are secured by properties pledged as collateral. During the year ended 31 December 2025, the Group entered into a transfer agreement for consideration of approximately HK\$5,152,000 in exchange of the receivable with secured by properties pledged as collateral. It deemed the consideration as fair value and the impairment loss recognised in profit or loss (2024: the fair value of these properties, as determined by independent valuer, amounts to approximately HK\$21,792,000. Valuations are based on Level 2 inputs under the fair value hierarchy, which include observable market data and comparable property transactions).

An impairment loss of approximately HK\$17,227,000 (2024: approximately HK\$8,795,000) was recognised during the year ended 31 December 2025, 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.

- (d) As at the end of 31 December 2025, approximately HK\$12,849,000 (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 one exploration site (2024: three exploration sites).
- (e) As at 31 December 2025, approximately HK\$14,392,000 (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.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSIT

Bank balances carry interest at prevailing market rates ranging from 0.001% to 0.25% per annum (2024: 0.001% to 0.25% per annum) at 31 December 2025.

Restricted bank deposit which carries interest at market rates of 0.5% per annum (2024: Nil) is for the purpose of the deposit for the auction of mining exploration rights.

Included in cash and cash equivalents and restricted bank deposit are the following amounts which are subject to foreign exchange control regulations or not freely transferrable:

	2025 HK\$'000	2024 HK\$'000
Amounts denominated in:		
RMB	530,014	162,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other payables and accruals (<i>Note (a)</i>)	692,169	461,711
Amounts due to related parties (<i>Note (b)</i>)	216,233	253,461
Promissory note payable (<i>Note (c)</i>)	–	75,710
	908,402	790,882
Analysed for reporting purposes as:		
– Current portion	743,263	484,595
– Non-current portion	165,139	306,287
	908,402	790,882

Notes:

- (a) As at 31 December 2025, included in other payables were mainly payable to subcontractors of approximately HK\$444,216,000 (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 related parties of the subsidiaries of the Company. As at 31 December 2025, the amounts of approximately HK\$120,512,000 (2024: approximately HK\$253,461,000) are non-trade in nature, unsecured, interest-free and repayable one year after the end of the reporting period and the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand.
- (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. The promissory note payables has been settled in full during the year ended 31 December 2025.

27. CONTRACT LIABILITIES

The Group has recognised the following revenue – related contract liabilities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<i>Contract liabilities arising from:</i>		
Sales of goods under gold mining operations	215,586	114,237

The deposits of the Group received on sales of gold products remains as a contract liability until the date the goods are delivered to customer.

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27. CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 January	114,237	11,989
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(114,237)	(11,989)
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 (<i>Note 21</i>)	34,887	–
Increase in contract liabilities as a result of amortisation of interest expense under the Streaming Agreement (<i>Note 9</i>)	5,918	–
Decrease in contract liabilities as a result of recognising revenue under the Streaming Agreement (<i>Note 6</i>)	(29,042)	–
Increase in contract liabilities as a result of receipt in advance of sales of gold products not yet delivered at year end	7,641	114,237
Balance at 31 December	215,586	114,237
Analysed for reporting purpose as:		
– Current	38,310	114,237
– Non-current	177,276	–
	215,586	114,237

The increase in contract liabilities was mainly due to entering into the Streaming Agreement during the year ended 31 December 2025.

As at 31 December 2025, approximately HK\$207,945,000 (2024: Nil) of contract liabilities arisen from the Streaming Agreement are secured by equity share of certain subsidiaries of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Current		
Unsecured other borrowing (Note (a))	–	104,035
Unsecured bank borrowings (Notes (b) and (c))	99,860	78,833
Secured bank borrowings (Notes (b), (c) and (d))	309,988	315,331
Bill payables (Note (d))	66,426	21,598
Less: Cash deposit (Note (e))	(22,142)	(21,598)
	454,132	498,199
Non-current		
Unsecured bank borrowings (Notes (b) and (c))	8,857	18,358
Secured bank borrowings (Notes (b), (c) and (d))	14,226	14,039
	23,083	32,397
Bank and other borrowings repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	454,132	498,199
More than one year but not more than two years	23,083	9,719
More than two years but not more than five years	–	22,678
	477,215	530,596

Notes:

- (a) Included in bank and other borrowings, there was other borrowing with principal amount of RMB80,730,000 (equivalent to approximately HK\$90,377,000) obtained from an independent third party (the “Lender”) since 7 March 2018. There were several supplementary agreements entered into with the Lender and subsequently during the years 2018 to 2023 and extended the repayment date to 6 March 2025 and modifying the interest rate from 12% per annum to 4% per annum on the principal amount of the other borrowing of RMB80,730,000 from 1 January 2023, waiving certain accrued interest payable during the year ended 31 December 2023 and resulting in recognition of new other borrowing of approximately RMB96,338,000 (equivalent to approximately HK\$107,850,000) with an effective interest rate of the other borrowing after the modification was 3.28% per annum as at 29 December 2023.

As at 6 March 2025, with the exception of the original principal amount of RMB80,730,000, the interest was waived, and the interest rate was modified from 4% to 0%. The difference of approximately RMB22,066,000 (equivalent to approximately HK\$23,933,000) (Note 8) was recognised as a gain on modification of other borrowing in the profit or loss during the year ended 31 December 2025. The balance was subsequently settled in full during the year ended 31 December 2025.

- (b) The effective interest rates on the Group’s bank borrowings included the variable market rate which is loan prime rate (“LPR”) +0.85% (2024: ranged from LPR+0.85% to LPR+2.60%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (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 (Note 19), right-of-use assets (Note 17), property, plant and equipment (Note 15), 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 (Note 17), property, plant and equipment (Note 15) and properties of independent third parties.
- (e) Subsidiaries of the Group are required to maintain cash on deposit of approximately HK\$22,142,000 (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.

29. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES

Upon completion of the acquisition of Huasheng Group (Note 36) 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 36), subject to the consideration adjustment mechanism as stated in Note 36 to the consolidated financial statements.

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.

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 36), contingent upon the achievement of specified performance targets as detailed in Note 36 to the consolidated financial statements. Upon meeting the performance target, the relevant portion of Convertible Bond will be reclassified from contingent consideration payables to convertible bond in the consolidated financial statements.

Convertible bond

At the Issue Date, as Annual Target (as disclosed in Note 36) 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 CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

29. 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.

At the end of reporting period, as another Annual Target has been achieved, principal amount of RMB6,000,000 (equivalent to HK\$6,600,000) of the Convertible Bond has been transferred from contingent consideration payables to convertible bond and measured at fair value. The movement of convertible bond for the year ended 31 December 2025 are set out as below:

	Liability component	Derivative component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2024, 31 December 2024 and 1 January 2025	–	–	–
Acquisition of subsidiaries (<i>Note 36</i>)	5,495	1,135	6,630
Fair value changes	–	11,034	11,034
Interest expense on convertible bond (<i>Note 9</i>)	169	–	169
Transfer from contingent consideration payable	5,495	12,213	17,708
	<hr/>	<hr/>	<hr/>
At 31 December 2025	11,159	24,382	35,541

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purpose to:		
– Current	17,833	–
– Non-current	17,708	–
	<hr/>	<hr/>
	35,541	–

The fair values of derivative component of convertible bond at initial recognition and 31 December 2025 were determined by an, Masterpiece Valuation Advisory Limited, 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	31 December 2025	24 January 2025
Time to maturity	4 Years	5 Years
Expected volatility	68.8%	69%
Risk-free rate	1.54%	1.46%

Contingent consideration payables

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 36) during the remaining Guaranteed Period. The relevant portion of contingent consideration payables will be transferred to convertible bond when the Annual Target has been achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

29. CONVERTIBLE BOND AND CONTINGENT CONSIDERATION PAYABLES (CONTINUED)

Contingent consideration payables (Continued)

The movement of contingent consideration payables for the year ended 31 December 2025 are set out as below:

	<i>HK\$'000</i>
At 1 January 2025	–
Acquisition of subsidiaries (<i>Note 36</i>)	26,520
Fair value changes	44,198
Transferred to convertible bond	(17,708)
<hr/>	
At 31 December 2025	53,010

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.

As at 31 December 2025, the fair value of remaining contingent consideration payables were recognised as approximately HK\$53,010,000, which were determined by the management and the independent professional valuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

30. DEFERRED TAX LIABILITIES

The followings are the major deferred tax assets and liabilities recognised and movements thereon during current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Exploration and evaluation assets <i>HK\$'000</i>	Other intangible assets <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	29,866	260,213	30,334	5,176	(221)	(139)	325,229
Exchange adjustments	(695)	(5,229)	(664)	(105)	(1)	5	(6,689)
Transfer	2,749	(2,749)	-	-	-	-	-
Charge (credit) to profit or loss (<i>Note 11</i>)	2,080	13,171	3,026	(274)	1	(291)	17,713
At 31 December 2024 and 1 January 2025	34,000	265,406	32,696	4,797	(221)	(425)	336,253
Exchange adjustments	1,138	7,638	820	115	-	(96)	9,615
Arising from acquisition of subsidiaries (<i>Note 36</i>)	186	-	-	-	-	4,998	5,184
Arising from acquisition of assets (<i>Note 36</i>)	-	-	-	-	-	12,176	12,176
Charge (credit) to profit or loss (<i>Note 11</i>)	13,805	1,316	(156)	(21)	-	(4,074)	10,870
At 31 December 2025	49,129	274,360	33,360	4,891	(221)	12,579	374,098

At the end of the reporting period, the Group has unused tax losses of approximately HK\$193,218,000 (2024: approximately HK\$191,672,000) available for offset against future profits. No deferred tax asset has been recognised in relation such tax losses due to the unpredictability of future profit streams available in the relevant tax jurisdictions and entities. The tax losses arising from the PRC operations expire five years after the relevant accounting year end. The tax losses arising from other operations do not expire under current tax legislation in the relevant tax jurisdiction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

30. DEFERRED TAX LIABILITIES (CONTINUED)

Below tax losses arising from the PRC operations will be expired as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Year 2025	–	34,901
Year 2026	34,837	33,981
Year 2027	36,064	35,178
Year 2028	29,054	28,340
Year 2029	44,318	43,229
Year 2030	32,902	–

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences amounting to approximately HK\$1,579,797,000 (2024: approximately HK\$814,108,000) representing the accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. PROVISION FOR RESTORATION AND ENVIRONMENT COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	16,282	16,298
Exchange adjustments	414	(350)
Additions to site reclamation	2,484	2,802
Payment during the year	(2,280)	(2,468)
At 31 December	16,900	16,282

In accordance with relevant PRC rules and regulations, if any damage is caused to cultivated land, grassland or forest as a result of exploration or mining activities, a mining enterprise must restore the land to a state appropriate for use by reclamation, re-planting trees or grasses or to take such other measures, as appropriate, after the mining has been completed. The Group provides for the present obligations of the cost of the restoration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

32. SHARE CAPITAL

	Number of ordinary shares at HK\$0.1 each '000	HK\$'000
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	46,223,810	4,622,381

	Number of ordinary shares at HK\$0.1 each '000	HK\$'000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 1 January 2025	4,070,272	407,027
Issuance of shares (<i>Note</i>)	327,420	32,742
Issuance of shares in consideration for the acquisition of assets (<i>Note 36</i>)	800,000	80,000
At 31 December 2025	5,197,692	519,769

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. RESERVES

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

(a) Share premium

Share premium represents the amount subscribed for shares issued in excess of their nominal value.

(b) Statutory surplus reserve

According to the relevant rules and regulations in the PRC, subsidiaries established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set-off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(c) Contributed surplus

The contributed surplus represents the excess amount of capital reduction and share premium cancellation over the accumulated losses of the Company pursuant to the capital reorganisation on 29 February 2016. Under the Company Act of Bermuda 1981 (as amended), the contributed surplus of the Company is distributable to the shareholders in certain circumstances which the Company is able to satisfy.

(d) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in Note 4 to the consolidated financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained earnings should the related options expire or be forfeited/lapsed.

(e) Investment revaluation reserve

Investment revaluation reserve represents the gains or losses arising on recognising financial assets classified as FVTOCI at fair value.

(f) Translation reserve

Translation reserve represents the gains or losses arising on retranslating the net assets of foreign operations into the presentation currency of the Company.

(g) Retained earnings

Retained earnings represents the cumulative net gains and losses recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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34. SHARE OPTIONS 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. During the year ended 31 December 2025, 810,000 share options were forfeited/lapsed due to the resignation of grantees.

The following share options were outstanding under the scheme during the year:

	Weighted average exercise price 2025 HK\$	Number of shares issuable under options 2025 '000	Weighted average exercise price 2024 HK\$	Number of shares issuable under options 2024 '000
Outstanding at beginning of the year	–	–	–	–
Granted during the year	1.92	81,540,000	–	–
Forfeited/lapsed during the year	(1.92)	(810,000)	–	–
Outstanding at the end of the year	1.92	80,730,000	–	–

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:

	30 May 2025
Exercise price	HK\$1.92
Expected life	10 Years
Expected volatility	64.91%
Risk-free interest rate	3.21%

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\$16,410,000 recognised as administrative and other expenses for the year ended 31 December 2025 (2024: Nil).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

34. SHARE OPTIONS SCHEME (CONTINUED)

Details of movements in the share options held by directors, chief executives and employees of the Company under the scheme for the year ended 31 December 2025 is as follows:

Name	Date granted	Vesting period	Exercise period	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options forfeited/lapsed during the year	No. of shares acquired on exercise of options during the year	No. of options outstanding at the year end	Exercise price per share
<i>Directors</i>									
Yeung Kwok Kuen	30 May 2025	30 May 2025 to 29 May 2030	30 May 2026 to 29 May 2035	-	1,360,000	-	-	1,360,000	HK\$1.92
Shi Xingzhi	30 May 2025	30 May 2025 to 29 May 2030	30 May 2028 to 29 May 2035	-	1,360,000	-	-	1,360,000	HK\$1.92
Shi Shengli	30 May 2025	30 May 2025 to 29 May 2030	30 May 2028 to 29 May 2035	-	1,360,000	-	-	1,360,000	HK\$1.92
Feng Fangqing	30 May 2025	30 May 2025 to 29 May 2030	30 May 2028 to 29 May 2035	-	1,360,000	-	-	1,360,000	HK\$1.92
Chu Kang Nam	30 May 2025	30 May 2025 to 29 May 2030	30 May 2026 to 29 May 2035	-	370,000	-	-	370,000	HK\$1.92
Liang Xushu	30 May 2025	30 May 2025 to 29 May 2030	30 May 2026 to 29 May 2035	-	370,000	-	-	370,000	HK\$1.92
Leung Ka Wo	30 May 2025	30 May 2025 to 29 May 2030	30 May 2026 to 29 May 2035	-	370,000	-	-	370,000	HK\$1.92
				-	6,550,000	-	-	6,550,000	
<i>Chief executive</i>									
Wang Dequan	30 May 2025	30 May 2025 to 29 May 2030	30 May 2030 to 29 May 2035	-	1,360,000	-	-	1,360,000	HK\$1.92
<i>Employees</i>									
	30 May 2025	30 May 2025 to 29 May 2030	30 May 2026 to 29 May 2035	-	73,630,000	(810,000)	-	72,820,000	HK\$1.92
				-	81,540,000	(810,000)	-	80,730,000	

There are no share options granted during the year ended 31 December 2024 and outstanding as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS

Tongguan County Xiangshun Mining Development Co., Ltd. (“Xiangshun”) (Note)

潼關縣祥順礦業發展有限公司

Xiangshun, an 90%-owned subsidiary of the Company, has non-controlling interest (“NCI”). Summarised financial information in relation to the NCI of Xiangshun before intra-group eliminations is presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	586,358	569,501
Profit for the year	214,175	5,272
Total comprehensive income (expense)	249,034	(12,653)
Profit allocated to NCI	21,417	527
Dividends paid to NCI	–	–
Cash flows generated from operating activities	265,281	11,101
Cash flows used in investing activities	(18,536)	(1,441)
Cash flows (used in) generated from financing activities	(173,885)	21,895
Net cash inflows	72,860	31,555
At 31 December		
Current assets	934,042	671,894
Non-current assets	1,066,363	1,010,959
Current liabilities	(700,927)	(619,948)
Non-current liabilities	(76,299)	(85,099)
Net equity	1,223,179	977,806
Accumulated non-controlling interests	82,315	57,412

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS (CONTINUED)

Shaanxi Tongxin Mining Co. Ltd. (“Tongxin Mining”) (Note)

陝西潼鑫礦業有限公司

Tongxin Mining, an 90%-owned subsidiary of the Company, has NCI. Summarised financial information in relation to the NCI of Tongxin Mining before intra-group eliminations is presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	–	–
Loss for the year	(7,792)	(4,509)
Total comprehensive expense	(545)	(10,480)
Loss allocated to NCI	(779)	(451)
Dividends paid to NCI	–	–
Cash flows generated from operating activities	11,788	8,682
Cash flows used in investing activities	(11,133)	(8,572)
Net cash inflows	655	110
At 31 December		
Current assets	5,697	4,272
Non-current assets	731,598	682,140
Current liabilities	(322,143)	(267,197)
Non-current liabilities	(114,416)	(88,088)
Net equity	300,736	331,127
Accumulated non-controlling interests	21,158	21,212

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS (CONTINUED)

Tongguan County De Xing Mining L.L.C. (“De Xing”) (Note)

潼關縣德興礦業有限責任公司

De Xing, an 90%-owned subsidiary of the Company, has NCI. Summarised financial information in relation to the NCI of De Xing before intra-group eliminations is presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	–	25,601
Loss for the year	(6,861)	(487)
Total comprehensive expense	(916)	(10,631)
Loss allocated to NCI	(686)	(49)
Dividends paid to NCI	–	–
Cash flows generated from operating activities	6,359	5,769
Cash flows used in investing activities	(868)	(5,413)
Cash flows used in financing activities	(8,915)	(1,647)
Net cash outflows	(3,424)	(1,291)
At 31 December		
Current assets	78,462	79,951
Non-current assets	739,612	721,222
Current liabilities	(220,818)	(211,527)
Non-current liabilities	(116,906)	(114,264)
Net equity	480,350	475,382
Accumulated non-controlling interests	40,033	40,125

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS (CONTINUED)

Tongguan Tongjin Mining Company Limited (“Tongjin”) (Note)

潼關縣潼金礦業有限公司

Tongjin, an 90%-owned subsidiary of the Company, has NCI. Summarised financial information in relation to the NCI of Tongjin before intra-group eliminations is presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	–	–
Loss for the year	(4,113)	(10,256)
Total comprehensive expense	(20,224)	(31,619)
Loss allocated to NCI	(411)	(1,025)
Dividends paid to NCI	–	–
Cash flows (used in) generated from operating activities	(2,995)	4,248
Cash flows used in financing activities	(99)	–
Net cash (outflows) inflows	(3,094)	4,248
At 31 December		
Current assets	766,990	749,930
Non-current assets	975,353	946,418
Current liabilities	(665,489)	(643,606)
Non-current liabilities	(87,024)	(83,137)
Net equity	989,830	969,605
Accumulated non-controlling interests	19,728	17,705

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS (CONTINUED)

Xi'an Hongshang Mining Engineering Co., Ltd (“Xi'an Hongshang”) (Note)

西安宏尚礦山工程有限公司

Xi'an Hongshang, an 60%-owned subsidiary of the Company, has NCI. Summarised financial information in relation to the NCI of Xi'an Hongshang before intra-group eliminations presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	189,686	–
Profit for the year	13,952	–
Total comprehensive income	15,256	–
Profit allocated to NCI	5,581	–
Dividends paid to NCI	–	–
Cash flows used in operating activities	(16,934)	–
Cash flows used in investing activities	(2,372)	–
Cash flows generated from financing activities	5,423	–
Net cash outflow	(13,883)	–
At 31 December		
Current assets	91,710	–
Non-current assets	68,447	–
Current liabilities	(88,247)	–
Non-current liabilities	(4,307)	–
Net equity	67,603	–
Accumulated non-controlling interests	19,961	–

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. NON-CONTROLLING INTERESTS (CONTINUED)

Subei Mongol Autonomous County Jinxing Mining Co., Ltd. (“Jinxing Mining”) (Note)

肅北蒙古族自治縣錦星礦業有限責任公司

Jinxing Mining, an 51%-owned subsidiary of the Company, has NCI. Summarised financial information in relation to the NCI of Jinxing Mining before intra-group eliminations presented below:

	2025 HK\$'000	2024 HK\$'000
For the year ended 31 December		
Revenue	–	–
Loss for the year	(751)	–
Total comprehensive expense	(742)	–
Loss allocated to NCI	(368)	–
Dividends paid to NCI	–	–
Cash flows generated from operating activities	129,728	–
Cash flows used in investing activities	(131,356)	–
Cash flows generated from financing activities	1,085	–
Net cash outflows	(543)	–
At 31 December		
Current assets	427	–
Non-current assets	190,372	–
Current liabilities	(190,597)	–
Non-current liabilities	–	–
Net equity	202	–
Accumulated non-controlling interests	60	–

Note: The English translation of the company name is for reference only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. ACQUISITION OF SUBSIDIARIES/ASSETS

Acquisition of Huasheng Construction Investment Limited and its subsidiaries (collectively referred to as the “Huasheng Group”)

The acquisition of the subsidiary is determined to be business combinations, and optional centrations 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), 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 transaction was completed on 24 January 2025, 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 on 24 January 2025.

	<i>HK\$’000</i>
Contingent consideration payables (<i>Note 29</i>)	26,520
Convertible bond (<i>Note 29</i>)	6,630
	<hr/>
	33,150

The fair value of the identifiable assets acquired and liabilities assumed on 24 January 2025.

	<i>HK\$’000</i>
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:

On 24 January 2025, the fair value of the consideration transferred representing the fair value of the convertible bond and contingent consideration payables, which is contingent upon achieving performance targets during the Guarantee Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. ACQUISITION OF SUBSIDIARIES/ASSETS (CONTINUED)

Consideration and adjustment mechanism

(a) Annual target (“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 of which prepared in accordance with 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.

Goodwill arising on acquisition:

	<i>HK\$’000</i>
Consideration transferred	33,150
Non-controlling interest	13,858
Less: recognised amounts of net assets acquired	(30,684)
<hr/>	
Goodwill arising on acquisition	16,324
<hr/>	

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, Masterpiece Valuation Advisory Limited, 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 under HKAS 38 *Intangible Assets*.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. ACQUISITION OF SUBSIDIARIES/ASSETS (CONTINUED)

Net cash inflow on acquisition

	<i>HK\$'000</i>
Cash and cash equivalents balances acquired	18,699

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is approximately HK\$13,980,000 arising from Huasheng Group and before elimination of inter-company transaction with the Group of the revenue of approximately HK\$189,686,000 generated from transaction with the Huasheng Group. No revenue contributed by Huasheng Group after eliminating inter-company transactions with the Group for the year ended 31 December 2025 since the date of acquisition.

Had the acquisition of Huasheng Group been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been approximately HK\$199,392,000, and profit for the year ended 31 December 2025 would have been approximately HK\$16,644,000 before 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 period, the directors of the Company 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 CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. ACQUISITION OF SUBSIDIARIES/ASSETS (CONTINUED)

Acquisition of Subei Mongol Autonomous County Jinxing Mining Co., Ltd (the “Jinxing Mining”)

On 23 August 2025, the Group acquired 51% of the issued share capital of Jinxing Mining for consideration of RMB520,200 (equivalent to approximately HK\$571,000). The principal activity of Jinxing Mining is mining exploration, and its identifiable assets are mainly exploration and evaluation assets. The Group elected to apply the optional concentration test in accordance with HKFRS 3. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in exploration and evaluation assets. The assets acquired and liabilities assumed at the date of acquisition of a subsidiary comprise the following:

	<i>HK\$'000</i>
Property, plant and equipment	672
Exploration and evaluation assets	175,964
Prepayment, deposits and other receivables	2,512
Cash and cash equivalents	1,199
Other payables	(87,144)
Amounts due to related parties	(92,084)
	<hr/>
Net assets	1,119
	<hr/> <hr/>

Net cash inflow on acquisition of Jinxing Mining

	<i>HK\$'000</i>
Cash and cash equivalent balances acquired	1,199
Less: Cash consideration paid	(571)
	<hr/>
	628
	<hr/> <hr/>

	<i>HK\$'000</i>
Non-controlling interests recognised	553
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* Jinxing Mining is identified as part of the CGU of Longnan County.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. ACQUISITION OF SUBSIDIARIES/ASSETS (CONTINUED)

Acquisition of Wise Trend Investment Limited and its subsidiaries (collectively referred to as the “Wise Trend Group”)

On 7 November 2025, the Group acquired 100% of the issued share capital of Wise Trend Group for consideration of HK\$400,000,000 which was satisfied by issue of 800,000,000 ordinary shares of the Company. The principal activity of Wise Trend Group is mining exploration, and its identifiable assets are mainly exploration and evaluation assets. The Group elected to apply the optional concentration test in accordance with HKFRS 3. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in exploration and evaluation assets. The assets acquired and liabilities assumed at the date of acquisition of subsidiaries comprise the following:

	<i>HK\$'000</i>
Exploration and evaluation assets	412,825
Cash and cash equivalents	480
Other payables	(33)
Amounts due to related parties	(1,096)
Deferred tax liabilities	(12,176)
	<hr/>
Net assets	400,000

Net cash inflow on acquisition of Wise Trend Group

	<i>HK\$'000</i>
Cash and cash equivalents balances acquired	480

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank and other borrowings disclosed in Note 28 to consolidated financial statements, net of cash and cash equivalents to the consolidated financial statements and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and risks associates with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of the existing debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Promissory note payable (Note 26) HK\$'000	Other payables HK\$'000	Amounts due to related parties (Note 26) HK\$'000	Bank and other borrowings (Note 28) HK\$'000	Lease liabilities (Note 17) HK\$'000	Convertible bond (Note 29) HK\$'000	Contingent consideration payables (Note 29) HK\$'000
At 1 January 2024	69,162	12,018	460,176	563,710	1,649	-	-
<i>Changes from cash flows:</i>							
Proceeds from new bank and other borrowings	-	-	-	744,447	-	-	-
Repayment of bank and other borrowings	-	-	-	(765,609)	-	-	-
Advance from related parties	-	-	6,511	-	-	-	-
Repayment to related parties	-	-	(205,106)	-	-	-	-
Payment of lease liabilities	-	-	-	-	(1,416)	-	-
Repayment of other borrowing included in other payables	-	(8,314)	-	-	-	-	-
Interest paid	-	-	-	(20,115)	(654)	-	-
Total changes from financing cash flows	-	(8,314)	(198,595)	(41,277)	(2,070)	-	-
Exchange adjustments	-	(234)	(8,120)	(11,952)	(1)	-	-
<i>Other changes:</i>							
Addition to new lease	-	-	-	-	2,749	-	-
Interest expenses on bank and other borrowings	-	3,504	-	20,115	-	-	-
Interest expense on promissory note payable	6,548	-	-	-	-	-	-
Interest expenses on leases liabilities	-	-	-	-	654	-	-
Total other changes	6,548	3,504	-	20,115	3,403	-	-
At 31 December 2024 and 1 January 2025	75,710	6,974	253,461	530,596	2,981	-	-
<i>Changes from cash flows:</i>							
Proceeds from new bank and other borrowings	-	-	-	631,237	-	-	-
Repayment of bank and other borrowings	-	-	-	(679,696)	-	-	-
Repayment to related parties	-	-	(123,839)	-	-	-	-
Payment of lease liabilities	-	-	-	-	(1,228)	-	-
Repayment of other borrowing included in other payables	-	-	-	-	-	-	-
Repayment of promissory note payable	(80,000)	-	-	-	-	-	-
Interest paid	-	-	-	(24,692)	(157)	-	-
Total changes from financing cash flows	(80,000)	-	(123,839)	(73,151)	(1,385)	-	-
Exchange adjustments	-	30	(6,569)	12,007	4	-	-
<i>Other changes:</i>							
Acquisition of subsidiaries (Note 36)	-	-	-	-	-	6,630	26,520
Acquisition of assets (Note 36)	-	-	93,180	-	-	-	-
Gain on modification of other borrowing	-	(7,004)	-	(16,929)	-	-	-
Transfer	-	-	-	-	-	17,708	(17,708)
Interest expenses on bank and other borrowings	-	-	-	24,692	-	-	-
Interest expense on promissory note payable	4,290	-	-	-	-	-	-
Interest expense on convertible bond	-	-	-	-	-	169	-
Interest expenses on lease liabilities	-	-	-	-	157	-	-
Fair value changes	-	-	-	-	-	11,034	44,198
Total other changes	4,290	(7,004)	93,180	7,763	157	35,541	53,010
At 31 December 2025	-	-	216,233	477,215	1,757	35,541	53,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial asset measured at FVTOCI		
– Equity investments	7,398	3,718
Financial asset measured at FVTPL		
– Financial assets at fair value through profit or loss	54,434	–
Financial assets measured at amortised cost		
Trade and other receivables, and deposits	147,677	81,954
Amounts due from associates	63,935	–
Restricted bank deposit	110,710	–
Cash and cash equivalents	638,491	172,329
	960,813	254,283
	1,022,645	258,001
Financial liabilities		
Financial liabilities measured at FVTPL		
Derivative component of convertible bond	24,382	–
Contingent consideration payables	53,010	–
	77,392	–
Financial liabilities measured at amortised cost		
Other payables	824,576	786,574
Bank and other borrowings	477,215	530,596
Liabilities component of convertible bond	11,159	–
Lease liabilities	1,757	2,981
	1,314,707	1,320,151
	1,392,099	1,320,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

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).

Financial instruments	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
	2025 HK\$'000	2024 HK\$'000				
Other financial asset	7,398	3,718	Level 1	Quoted market bid price in an active market	N/A	N/A
Financial asset at FVTPL	54,434	Nil	Level 3	Binomial Option Pricing Model	Expected volatility	The higher the expected volatility, the higher the fair value.
Derivative component of convertible bond	24,382	Nil	Level 3	Binomial Option Pricing Model	Expected volatility	The higher the expected volatility, the higher the fair value.
Contingent consideration payables	53,010	Nil	Level 3	Probability scenario analysis	Probability of achievement of performance target Expected volatility Discount rate	The higher the probability of achievement, the higher the fair value. The higher the expected volatility, 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 of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include financial assets measured at FVTOCI, trade and other receivables, and deposits, amounts due from associates, restricted bank deposit, cash and cash equivalents, other payables, lease liabilities and bank and other borrowings. Details of the financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain other receivables and deposits, cash and cash equivalents are denominated in foreign currencies, which expose the Group to foreign currency risk. The foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operations and borrowings are mainly denominated in its functional currency of respective Group's entities. Therefore, the management considered currency risk as minimum and no sensitivity analysis is presented for financial assets at amortised cost denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
United States dollar ("USD")	181,974	–	–	–

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the currency risk of USD.

As HK\$ is pegged to USD, the directors of the Company do not expect any significant movements in the USD/HK\$ exchange rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposit, fixed-rate bank and other borrowings, leases liabilities, promissory note payable and liability component of convertible bond. The Group is also exposed to cash flow interest rate risk relates primarily to variable rate interest bearing bank balances, and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, LPR on bank borrowings and cash deposit in respect of bill payables denominated in RMB. However, the exposure in bank balances is minimal to the Group as the bank balances are all short-term in nature.

The Group currently does not have an interest rate hedging policy. However, the directors of the Company monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the amount of financial instruments outstanding at the end of the reporting period was outstanding for the whole year. A 50 (2024: 50) basis point increase or decrease is used for the year when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for the year ended 31 December 2025 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK\$67,000 (2024: approximately HK\$121,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments issued by one entity listed in Toronto Stock Exchange for the years ended 31 December 2025 and 2024. In addition, the Group will monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2024: 10%) higher/lower, other comprehensive income for the year ended 31 December 2025 and the investment revaluation reserve as at 31 December 2025 would increase/decrease by approximately HK\$740,000 (2024: approximately HK\$372,000) as a result of the changes in fair value of other financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

(iv) Liquidity risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2025							
Other payables	N/A	658,377	130,706	19,705	15,788	824,576	824,576
Bank and other borrowings	3.68%	462,350	25,988	-	-	488,338	477,215
Liabilities component of							
convertible bond	3.35%	5,618	5,679	-	-	11,297	11,159
Lease liabilities	4.81%	1,065	713	27	89	1,894	1,757
		1,127,410	163,086	19,732	15,877	1,326,105	1,314,707
At 31 December 2024							
Other payables	9.08	483,017	33,910	256,748	17,189	790,864	786,574
Bank and other borrowings	4.54	530,469	9,625	29,072	-	569,166	530,596
Lease liabilities	4.75	1,385	1,065	730	104	3,284	2,981
		1,014,871	44,600	286,550	17,293	1,363,314	1,320,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances, restricted bank deposit, trade and other receivables, deposits and amounts due from associates.

In order to minimise the credit risk, the directors of the Company have assigned a dedicated team to determine the credit limits and credit approvals and to monitor the credit risk and adequate impairment losses are made for irrecoverable amounts. Other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. For sales of concentrated golds, customers are required to place certain deposits in advance, and the sales orders would be subsequently placed for arrangement of delivery of concentrated golds to the destined locations. The gold bullion smelting from mining operation was traded on or through Shanghai Gold Exchange, of which receivables will be collected on T+2 days upon completion of the transaction with the members of the Shanghai Gold Exchange. Therefore, there is no significant credit risk in respect of the trade receivables.

For other non-traded related receivables and deposits, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. During the year ended 31 December 2025 and 2024, with the value of properties pledges as collateral for other receivables decreased, the Group has recognised loss allowance for such other receivables up to the deemed fair value determined from consideration of transfer agreement (2024: fair value determined by independent valuer) of the pledged properties of these collaterals as disclosed in Note 24(c) to the consolidated financial statements.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from other receivables are set out in Note 24 to the consolidated financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	426,391	393,241
Property, plant and equipment	1,395	97
Right-of-use assets	1,527	2,625
Financial assets at fair value through profit or loss	54,434	–
	483,747	395,963
Current assets		
Amounts due from subsidiaries	2,293,604	1,796,503
Other receivables, deposits and prepayments	1,599	3,070
Cash and cash equivalents	184,767	121
	2,479,970	1,799,694
Current liabilities		
Amounts due to subsidiaries	1	1
Other payables	23,990	2,020
Contract liabilities	30,670	–
Convertible bond	17,833	–
Lease liabilities	983	1,224
	73,477	3,245
Net current assets	2,406,493	1,796,449
Non-current liabilities		
Other payables	–	75,711
Contract liabilities	177,276	–
Convertible bond	17,708	–
Contingent consideration payables	53,010	–
Lease liabilities	689	1,671
Deferred tax liabilities	1	1
	248,684	77,383
NET ASSETS	2,641,556	2,115,029
Capital and reserves		
Share capital	519,769	407,027
Reserves (<i>Note</i>)	2,121,787	1,708,002
TOTAL EQUITY	2,641,556	2,115,029

On behalf of the board of directors

Yeung Kwok Kuen
Director

Shi Xingzhi
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 2024	1,416,337	287,496	–	19,125	1,722,958
Loss and total comprehensive expense for the year	–	–	–	(14,956)	(14,956)
At 31 December 2024 and 1 January 2025	1,416,337	287,496	–	4,169	1,708,002
Loss and total comprehensive expense for the year	–	–	–	(62,580)	(62,580)
Issuance of shares, net of transaction costs (Note 32)	192,727	–	–	–	192,727
Share option granted under share option scheme (Note 34)	–	–	16,410	–	16,410
Forfeiture/lapse of share options under share option scheme (Note 34)	–	–	(125)	125	–
Dividend paid (Note 13)	–	(52,772)	–	–	(52,772)
Acquisition of assets (Note 36)	320,000	–	–	–	320,000
At 31 December 2025	1,929,064	234,724	16,285	(58,286)	2,121,787

42. PARTICULARS OF SUBSIDIARIES OF THE GROUP

The following are the details of the Group's subsidiaries at 31 December 2025 that would affect the results for the reporting period or formed a substantial portion of the net assets of the Group.

Name	Place of incorporation/ establishment	Issued/registered and paid-up share capital	Attributable equity interests held by the Company		Principal activities and place of operation
			Directly	Indirectly	
New Legend International Group Limited (新里程國際集團有限公司)	Hong Kong	Ordinary share of HK\$1	100%	–	Provision of administrative support to group companies in Hong Kong
Best Tone Holdings Limited	The British Virgin Islands ("BVI")	Ordinary share of US\$1	100%	–	Investment holding in Hong Kong

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42. PARTICULARS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Issued/registered and paid-up share capital	Attributable equity interests held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Combined Success Investments Limited	BVI	Ordinary share of US\$10	100%	—	Investment holding in Hong Kong
One Champion International Limited (一冠國際有限公司)	BVI	Ordinary share of US\$50,000	—	100%	Investment holding in Hong Kong
Champion Lucky Limited (福瑞有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Shaanxi Furui Rongcheng Mining Co., Ltd. (陝西福瑞永成礦業有限公司) (Note (a))	The PRC	Registered capital of RMB33,643,100	—	100%	Production and sales of gold products in the PRC
Weinan Jindong Mining Co., Ltd. (渭南金東礦業有限公司) (Note (a))	The PRC	Registered capital of RMB35,000,000	—	100%	Investment holding in the PRC
Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司) (Note (a))	The PRC	Registered capital of RMB27,500,000	—	90%	Production and sales of gold products in the PRC
Perfect Major Holdings Limited (美晶控股有限公司)	BVI	Ordinary share of US\$50,000	—	100%	Investment holding in Hong Kong
World Light Holdings Limited (光華集團有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Shaanxi Guang Hua Mei Jing Mining Industry Co., Ltd. (陝西光華美晶礦業有限公司) (Note (a))	The PRC	Registered capital of RMB43,152,300	—	100%	Investment holding in the PRC

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42. PARTICULARS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Issued/registered and paid-up share capital	Attributable equity interests held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Luonan Jinhui Mining Co. Ltd. (洛南縣金輝礦業有限公司) (Note (a))	The PRC	Registered capital of RMB5,000,000	—	100%	Production and sales of gold products in the PRC
Shaanxi Tongxin Mining Co. Ltd. (陝西潼鑫礦業有限 公司)(Note (a))	The PRC	Registered capital of RMB50,000,000	—	90%	Production and sales of gold products in the PRC
Pride Success Investment Limited (榮成投資有限公司)	BVI	Ordinary share of US\$50,000	—	100%	Investment holding in Hong Kong
Ocean Faith Limited (洋實有限公司)	Hong Kong	Ordinary share of HK\$ 1	—	100%	Investment holding in Hong Kong
Shaanxi Xing Xiang Mining Technology Co., Ltd. (陝西星祥礦業科技有限 公司)(Note (a))	The PRC	Registered capital of RMB2,493,600	—	100%	Investment holding in the PRC
Tongguan County De Xing Mining L.L.C. (潼關縣德興 礦業有限責任公司) (Note (a))	The PRC	Registered capital of RMB7,000,000	—	90%	Production and sales of gold products in the PRC
Best Income Limited (佳盈有限公司)	BVI	Ordinary share of US\$1	—	100%	Investment holding in Hong Kong
Glory Resources Hong Kong Limited (寶鑫香港有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Shaanxi Dujin Mining Co. Ltd. (陝西都金礦業有限公司) (Note (a))	The PRC	Registered capital of RMB50,000,000	—	100%	Production and sales of gold products in the PRC
Tongguan Sanqin Mining Co. Ltd (潼關縣三秦礦業有限 公司)(Note (a))	The PRC	Registered capital of RMB30,000,000	—	100%	Production and sales of gold products in the PRC
Tongguan Tongjin Mining Company Limited (潼關縣潼金礦業有限 公司)(Note (a))	The PRC	Registered capital of RMB\$500,000,000	—	90%	Production and sales of gold products in the PRC
Max Paramount Holdings Limited (峰揚控股有限公司)	BVI	Ordinary share of US\$ 50,000	—	100%	Investment holding in Hong Kong

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42. PARTICULARS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Issued/registered and paid-up share capital	Attributable equity interests held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Elite Master Limited (銳精有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Grand Gallant Investments Limited (宏勇投資有限公司)	BVI	Ordinary share of US\$1	100%	—	Investment holding in Hong Kong
Easy Vantage Holdings Limited (駿皆控股有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Tianshui Jinqian Mining Co., Ltd. (天水金泉礦業有限公司) (Note (a))	The PRC	Registered capital of HK\$50,000,000	—	100%	Investment holding in the PRC
Tianshui Xindu Mining Co., Ltd. (天水鑫都礦業有限公司) (Note (a))	The PRC	Registered capital of RMB10,000,000	—	100%	Investment holding in the PRC
Tiuquan Chuangjin Mining Development Co., Ltd. (酒泉 市創金礦業發展有限責任公司) (Note (a))	The PRC	Registered capital of RMB2,000,000	—	100%	Investment holding in the PRC
Subei County Hozeladegai Northeast Mining Co., Ltd. (肅北縣霍勒扎德蓋北東礦業 有限責任公司) (Note (a))	The PRC	Registered capital of RMB30,000,000	—	100%	Production and sales of gold products in the PRC
Huasheng Construction Investment Limited (華升建設投資有限公司)	The Republic of Seychelles	Ordinary share of US\$1	100%	—	Investment holding in Hong Kong
Hong Kong Hongrong Holding Limited (香港宏榮控股有限公司)	Hong Kong	Ordinary share of HK\$1	—	100%	Investment holding in Hong Kong
Shzznxi Rongsheng Mining Co., Limited (陝西榮升礦業有限公 司)(Note (a))	The PRC	Registered capital of RMB5,000,000	—	100%	Investment holding in the PRC
Xi'an Hongshang Mining Engineering Co., Ltd. (西安宏尚礦山工程有限公司) (Note (a))	The PRC	Registered and paid up capital of RMB8,000,000	—	60%	Mine engineering and construction in the PRC

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42. PARTICULARS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name	Place of incorporation/ establishment	Issued/registered and paid-up share capital	Attributable equity interests held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Jiuquan Longxing Mining Co., Ltd. (酒泉市隴興礦業有限公司) (Note (a))	The PRC	Registered capital of RMB10,000,000	–	100%	Investment holding in the PRC
Subei Mongol Autonomous County Jinxing Mining Co., Ltd. (肅北蒙古自治縣錦星礦業有限責任公司) (Note (a))	The PRC	Registered capital of RMB1,000,000	–	51%	Production and sales of gold products in the PRC
Wise Trend Investment Limited (榮昌投資有限公司)	The Republic of Seychelles	Ordinary share of US\$1	–	100%	Investment holding in Hong Kong
Longhao Investment Limited (隴浩投資有限公司)	Hong Kong	Ordinary share of HK\$1	–	100%	Investment holding in Hong Kong
Jiuquan Yulong Mining Co., Ltd. (酒泉市煜隆礦業有限責任公司) (Note (a))	The PRC	Registered capital of RMB2,000,000	–	100%	Investment holding in the PRC
Subei Mongolian Autonomous County Yixin Mining Development Co., Ltd. (肅北蒙古自治縣億鑫礦業開發有限公司) (Note (a))	The PRC	Registered capital of RMB1,000,000	–	100%	Production and sales of gold products in the PRC
Robust Market International Limited	BVI	Ordinary share of US\$100	100%	–	Investment holding in Hong Kong

None of the subsidiaries had issued any debt securities at the end of the year.

Note:

- (a) These companies are limited liability companies established in the PRC. The English translation of the company names is for reference only.

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43. CAPITAL COMMITMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in respect of the acquisition of property, plant and equipment	48,525	19,229

44. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the “Scheme”) for all qualifying Hong Kong employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee.

The PRC employees of the Group are members of state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits.

The contributions paid/payable to the scheme by the Group at rates specified in the rules of the schemes are included in staff costs and disclosed in Notes 10 and 12 to the consolidated financial statements for employees and the directors respectively.

For the years ended 31 December 2025 and 2024, no contribution was forfeited/lapsed (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) under the retirement benefit schemes which may be used by the Group to reduce the contribution payable in the future years.

45. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The key management of the Group comprises all the directors, details of their remuneration is determined by the Remuneration Committee having regard to the financial performance of the Group, performance of individuals and market trends. Details of their remuneration are disclosed in Note 12 to the consolidated financial statements.

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46. MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in Notes 26 and 45 to the consolidated financial statements, no contracts of significance to which the Company's subsidiary or associate was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

47. MAJOR NON-CASH TRANSACTIONS

- (i) During the year ended 31 December 2024, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to approximately HK\$2,749,000 and approximately HK\$2,749,000 respectively were recognised at the lease commencement date respectively.
- (ii) Upon completion of the acquisition of Huasheng Group (Note 36) on 24 January 2025, the Company issued Convertible Bond with an aggregate principal amount of RMB30,000,000 (equivalent to HK\$33,000,000) for settlement of the consideration.

At the end of reporting period, as another Annual Target has been achieved, principal amount of RMB6,000,000 (equivalent to HK\$6,600,000) of the Convertible Bond has been transferred from contingent consideration payables to convertible bond and measured at fair value.

- (iii) On 7 November 2025, the Group acquired 100% of the issued share capital of Wise Trend Group for consideration of HK\$400,000,000 which was satisfied by issue of 800,000,000 ordinary shares of the Company.
- (iv) As at 6 March 2025, with the exception of the original principal amount of RMB80,730,000, the interest was waived, and the interest rate was modified from 4% to 0%. The difference of approximately RMB22,066,000 (equivalent to approximately HK\$23,933,000) (Note 8) was recognised as a gain on modification of other borrowing in the profit or loss during the year ended 31 December 2025.

48. EVENTS AFTER THE REPORTING PERIOD

On 19 December 2025, the Company entered into the sales and purchase agreement with Hullin Investment Limited, Anrui Investment Limited, Heduo Investment Limited, Huiyu Investment Limited and Jinda Investment Limited (the "Vendors"), pursuant to which the Company conditionally agreed to acquire and the Vendors conditionally agreed to sell the sale shares, representing 100% of the total issued share capital of Longxin Construction Development Limited (the "Target Company") at the total consideration of RMB260,000,000 (equivalent to approximately HK\$286,000,000), which will be satisfied by way of allotment and issue of 110,000,000 consideration shares to the Vendors upon completion subject to the terms and conditions set out in the sales and purchase agreement. Details as disclosed in the announcements dated on 19 December 2025 and 30 December 2025.

On 9 January 2026, the consideration shares has been issued and the transaction is completed. Following the completion, the Target Company and its subsidiaries have become subsidiaries of the Company and the financial information of the Target Company and its subsidiaries will be consolidated into the Group's consolidated financial statements.

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49. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 27 March 2026.