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Wanguo Gold Group Limited
萬國黃金集團有限公司

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

RESULTS HIGHLIGHT:

- Revenue increased by approximately 33.7% to approximately RMB1,240.3 million
- Gross profit increased by approximately 79.4% to approximately RMB867.9 million
- Gross profit margin was approximately 70.0%
- Net profit margin was approximately 53.6%
- Profit attributable to owners of the Company for the six months ended 30 June 2025 (or referred to as the “**reporting period**”) increased by approximately 136.3% to approximately RMB600.8 million
- Basic earnings per share was approximately RMB55.4 cents (six months ended 30 June 2024: RMB30.7 cents)
- The Board declared an interim dividend of HK\$20.30 cents (six months ended 30 June 2024: HK\$12.00 cents)

Note: Compared to the six months ended 30 June 2024

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wanguo Gold Group Limited (the “**Company**”) is pleased to announce the following unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) for the six months ended 30 June 2025 together with comparative figures for the corresponding period in 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	1,240,284	927,856
Cost of sales		<u>(372,428)</u>	<u>(443,977)</u>
Gross profit		867,856	483,879
Other income		30,077	1,733
Other gains and losses		13,735	(4,807)
Distribution and selling expenses		(64,125)	(57,070)
Administrative expenses		(88,759)	(62,195)
Finance costs	4	<u>(5,076)</u>	<u>(5,999)</u>
Profit before tax		753,708	355,541
Income tax expense	5	<u>(88,386)</u>	<u>(24,299)</u>
Profit for the period	6	<u>665,322</u>	<u>331,242</u>
Other comprehensive expense			
– Exchange differences on translation from functional currency to presentation currency		<u>(2,183)</u>	<u>(8,296)</u>
Total comprehensive income for the period		<u><u>663,139</u></u>	<u><u>322,946</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the company		600,760	254,271
Non-controlling interests		64,562	76,971
		<u>665,322</u>	<u>331,242</u>
Total comprehensive income for the period attributable to:			
Owners of the company		597,063	246,819
Non-controlling interests		66,076	76,127
		<u>663,139</u>	<u>322,946</u>
Earnings per share			
Basic (<i>RMB cents</i>)	7	<u>55.4</u>	<u>30.7</u>
Diluted (<i>RMB cents</i>)	7	<u>55.3</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	Notes		
Non-current assets			
Property, plant and equipment		1,038,337	918,680
Right-of-use assets		53,571	54,621
Mining rights		210,879	212,974
Exploration and evaluation assets		259,680	237,657
Other intangible asset		312,165	312,165
Intangible assets		3,192	3,298
Deposit for purchase of property, plant and equipment		1,422	4,973
Deferred tax assets		6,506	5,747
Other receivable		20,630	20,830
Restricted bank balances		7,502	6,274
		<u>1,913,884</u>	<u>1,777,219</u>
Current assets			
Inventories		276,005	174,743
Trade and other receivables	9	493,757	331,095
Financial assets at fair value through profit or loss		1,369,687	1,335,157
Amount due from a related company		3	3
Bank balances and cash			
– cash and cash equivalents		659,321	513,728
– restricted bank balances		3,261	3,258
		<u>2,802,034</u>	<u>2,357,984</u>
Current liabilities			
Trade and other payables	10	411,875	156,082
Contract liabilities		3,482	3,853
Lease liabilities		840	761
Amounts due to related parties		211	655
Consideration payable to a former non-controlling shareholder of a subsidiary		47,936	57,936
Tax payable		107,624	91,164
Bank borrowings		72,776	183,062
		<u>644,744</u>	<u>493,513</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2025*

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Net current assets	<u>2,157,290</u>	<u>1,864,471</u>
Total assets less current liabilities	<u><u>4,071,174</u></u>	<u><u>3,641,690</u></u>
Non-current liabilities		
Lease liabilities	1,885	2,283
Deferred income	3,460	4,010
Deferred tax liabilities	82,376	89,391
Provisions for restoration costs	17,641	15,085
Bank borrowings	<u>76,800</u>	<u>77,600</u>
	<u>182,162</u>	<u>188,369</u>
Capital and reserves		
Share capital	91,223	91,223
Reserves	<u>3,412,970</u>	<u>3,043,355</u>
Equity attributable to owners of the Company	3,504,193	3,134,578
Non-controlling interests	<u>384,819</u>	<u>318,743</u>
Total equity	<u><u>3,889,012</u></u>	<u><u>3,453,321</u></u>
	<u><u>4,071,174</u></u>	<u><u>3,641,690</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policy resulting from application of an accounting policy which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

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

Amendments to HKAS 21

Lack of Exchangeability

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

Application of an accounting policy which became relevant to the Group in the current interim period

In the current interim period, the Group has applied the following accounting policy which became relevant to the Group.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

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

Share options granted to non-employees

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

3. REVENUE AND SEGMENT INFORMATION

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

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

Disaggregation of revenue from contracts with customers

Revenue represents revenue arising on sales of processed concentrates of various metals. All of the revenue of the Group is recognised at a point in time. An analysis of the Group’s revenue from its major products for the reporting period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Sales of processed concentrates		
– Gold doré	605,414	292,287
– Gold concentrates	357,829	268,735
– Copper concentrates	106,800	177,106
– Sulfur concentrates	53,191	26,257
– Zinc concentrates	27,073	46,441
– Gold in lead concentrates	25,491	24,202
– Iron concentrates	14,705	27,571
– Gold in copper concentrates	14,357	21,922
– Silver in copper and zinc concentrates	11,736	12,048
– Sulfur and iron concentrates	9,238	11,067
– Silver in lead concentrates	8,245	11,755
– Lead concentrates	5,236	4,834
– Copper in lead concentrates	615	2,715
– Gold in zinc concentrates	354	916
	1,240,284	927,856
By revenue source		
– Own mined products	1,240,284	850,686
– Sourced outside	–	77,170
	1,240,284	927,856

Segment revenues and results

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

	Yifeng Project <i>RMB'000</i>	Solomon Project <i>RMB'000</i>	Total <i>RMB'000</i>
For the period ended 30 June 2025 (unaudited)			
Segment revenue	<u>277,041</u>	<u>963,243</u>	<u>1,240,284</u>
Segment profit	<u>109,457</u>	<u>621,031</u>	<u>730,488</u>
Unallocated expense			(16,207)
Unallocated other income, other gains and losses			39,597
Unallocated finance cost			<u>(170)</u>
Profit before tax			<u><u>753,708</u></u>
For the period ended 30 June 2024 (unaudited)			
Segment revenue	<u>366,833</u>	<u>561,023</u>	<u>927,856</u>
Segment profit	<u>106,435</u>	<u>257,245</u>	<u>363,680</u>
Unallocated expense			(7,316)
Unallocated other income, other gains and losses			(610)
Unallocated finance cost			<u>(213)</u>
Profit before tax			<u><u>355,541</u></u>

Note: There was no inter-segment revenue for the periods ended 30 June 2025 and 2024.

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

All the segment revenue reported above is from external customers.

Segment assets and liabilities were not presented as there are no material changes from the amounts disclosed in the annual consolidated financial statements for the year ended 31 December 2024.

Geographical information

The Group mainly operates in the PRC and Solomon Islands, and all revenue is generated from the PRC and Solomon Islands. The Group's principal non-current assets are located in the PRC and Solomon Islands. Information about its revenue and non-current assets by geographical locations of operations are detailed below:

	Revenue		Non-current assets*	
	Six months ended 30 June		As at	As at
	2025	2024	30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The PRC	277,041	366,833	971,062	963,868
Solomon Islands	963,243	561,023	895,887	767,510
Australia	–	–	5,652	5,986
Hong Kong	–	–	6,645	7,004
	<u>1,240,284</u>	<u>927,856</u>	<u>1,879,246</u>	<u>1,744,368</u>

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

4. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank borrowings	4,925	5,816
Imputed interest expenses on lease liabilities	<u>151</u>	<u>183</u>
	<u>5,076</u>	<u>5,999</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax charge:		
PRC Enterprise Income Tax (“EIT”)		
– Current period	14,273	14,151
– Under provision in prior years	173	5,883
Solomon Islands Enterprise Income Tax (“Solomon Islands EIT”)		
– Current period	76,004	–
Withholding tax	5,000	7,650
	<u>95,450</u>	<u>27,684</u>
Deferred tax credit		
– Current period	(7,064)	(3,385)
	<u>88,386</u>	<u>24,299</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during both periods.

Under the Law of the Solomon Islands Government, the tax rate of the subsidiary incorporated in the Solomon Islands was 35% during both periods. The Government of the Solomon Islands and GRML entered into a mining agreement dated 7 March 1997. The two parties entered into the Memorandum of Understanding Relating to Duties & Taxes Exemptions Affecting GRML (the “MOU”) on 13 July 2021, with one of the objectives being reaffirming existing concessions/exemptions under the mining agreement. Pursuant to the mining agreement and the MOU, GRML is entitled to deduct in the computation of income chargeable to Solomon Islands EIT of the exploration and development expenditures to the extent reasonably incurred and necessary to carry out the Solomon Project.

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

Yifeng Wanguo was entitled to a preferential EIT rate of 15% from 2021 to 2023, as it satisfied the conditions of high and new technology enterprises with the Certificate of High and New Technology Enterprises. It renewed the Certificate of High and New Technology Enterprises in 2024 therefore its entitlement to the preferential EIT rate of 15% was extended to 2026.

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

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in these condensed consolidated financial statements in respect of temporary differences attributable to certain retained profits of the PRC subsidiaries amounting to RMB395,895,000 (as at 31 December 2024: RMB398,846,000) as at 30 June 2025, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 30 June 2025, a deferred tax liability of RMB4,335,000 (as at 31 December 2024: RMB11,350,000) has been recognised in respect of undistributed profits of subsidiaries in the PRC amounting to RMB86,700,000 (as at 31 December 2024: RMB227,000,000).

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' emoluments	3,819	2,618
Other staff costs	47,617	29,663
Retirement benefit scheme contributions, excluding those of directors	2,007	1,637
Total staff costs	53,443	33,918
Depreciation of property, plant and equipment	38,252	35,307
Depreciation of right-of-use assets	1,094	1,148
Amortisation of mining rights	9,815	9,106
Amortisation of intangible assets	106	106
Total depreciation and amortisation	49,267	45,667
Capitalised in inventories	(26,701)	(32,214)
Capitalised in construction in progress	(314)	(608)
	22,252	12,845
Research and development costs (<i>note</i>)	14,504	10,671
Cost of inventories recognised as an expense	359,533	443,977

Note: The amounts were recognised in the line of “administrative expenses” in the condensed consolidated statement of profit or loss and other comprehensive income.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share (<i>in RMB'000</i>)	600,760	254,271
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	1,083,827	828,000
Effect of diluted number of ordinary shares:		
Share options	3,517	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in thousand</i>)	1,087,344	828,000

There was no potential dilutive ordinary shares in issue during the six months ended 30 June 2024.

8. DIVIDENDS

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividend for the year ended 31 December 2024: RMB22.50 cents per share (2024: RMB18.50 cents per share for the year ended 31 December 2023)	236,211	153,180

Subsequent to the end of the interim period, the directors of the Company have determined that an interim dividend of HK\$20.30 cent (equivalent to RMB18.51 cent) per share (six months ended 30 June 2023: HK\$12 cents), being RMB200.6 million in total with reference to the issued shares as at 30 June 2025, which will be payable in cash to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 30 September 2025.

9. TRADE AND OTHER RECEIVABLES

		As at 30 June 2025	As at 31 December 2024
	Notes	RMB'000	RMB'000
		(unaudited)	(audited)
Trade receivables from contracts with customers	(i)	161,824	164,809
Prepayments and other receivables			
– prepayments to major subcontractors	(ii)	103,296	29,280
– prepayments to other suppliers	(iii)	72,869	38,983
– other receivables	(iv)	176,398	118,853
		352,563	187,116
Deposit for purchase of property, plant and equipment		1,422	4,973
Total trade and other receivables		515,809	356,898
Less: amount shown under non-current assets		22,052	25,803
Amounts shown under current assets		493,757	331,095

Notes:

(i) Trade receivables

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

The expected credit loss (“ECL”) for trade receivables as at 30 June 2025 and 31 December 2024 have been assessed collectively based on the trade debtors’ aging, grouped by debtor balances that are not yet past due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 30 June 2025 and 31 December 2024 is insignificant.

(ii) Prepayments to major subcontractors

The prepayments were the subcontracting fee to mining subcontractors by Yifeng Wanguo and GRML for mining of ores, which amounted to approximately RMB103,296,000 (as at 31 December 2024: RMB29,280,000) as at 30 June 2025.

(iii) Prepayments to other suppliers

Included in the balance is prepayment to suppliers for procurement of raw materials amounted to approximately RMB60,921,000 (as at 31 December 2024: RMB34,955,000).

(iv) Other receivables

- (i) The Group entered into a sales and purchase agreement with one supplier for the acquisition of certain raw materials in 2021. In the course of fulfilling the contractual obligations in the agreement, the supplier had committed a partial breach of contract by failing to deliver the complete quantity of goods as stipulated, and further failed to reimburse the full amount corresponding to the non-delivered goods in a timely manner.

On 26 November 2024, the Group and the supplier reached an amicable settlement and executed a conciliation agreement. This agreement stipulates an extension of the repayment timeline, with the final instalment payment due in 2027, and the imposition of an interest rate equivalent to the prevailing Loan Prime Rate in China on the outstanding amount. To secure the repayment obligations, the parties have agreed to a collateral arrangement involving real estate properties, along with the provision of a guarantee by a reputable third party.

As at 30 June 2025, included in the balance is the receivable arising from the aforementioned transaction amounting to RMB24,630,000 (as at 31 December 2024: RMB24,830,000).

- (ii) Included in the balance is a receivable amounting to AU\$12 million (approximately RMB56,180,000) (as at 31 December 2024: approximately RMB54,084,000) due on 21 August 2025, which is non-trade in nature, secured by the collateral of the Company's shares held by a non-controlling shareholder of the Company and carries an interest rate at 2.5% per annum.
- (iii) Included in the balance is the payment on behalf of a mining subcontractor amounting to approximately RMB54,069,000 (as at 31 December 2024: nil).

For long-term customers with good credit quality and payment history, the Group allows credit periods of no more than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers.

The following is an aging analysis of trade receivables, presented based on the invoice dates.

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 30 days	137,543	164,809
31 to 60 days	24,281	—
	<u>161,824</u>	<u>164,809</u>

10. TRADE AND OTHER PAYABLES

		As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
Trade payables	(i)	<u>100,837</u>	<u>92,801</u>
Value-added tax, resource tax and other tax payables		18,220	22,469
Payables for property, plant and equipment		4,168	4,930
Dividend payable		239,521	4,260
Accrued expenses and other payables			
– Accrued expenses		22,903	9,588
– Accrued staff cost		9,309	6,145
– Other payables		<u>16,917</u>	<u>15,889</u>
		<u>311,038</u>	<u>63,281</u>
Total trade and other payables		<u><u>411,875</u></u>	<u><u>156,082</u></u>

The following is analysis of trade payables by age, presented based on the delivery dates.

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Within 30 days	52,232	51,223
31-60 days	15,328	26,000
61-90 days	4,507	2,040
91-180 days	26,880	13,280
Over 180 days	<u>1,890</u>	<u>258</u>
	<u><u>100,837</u></u>	<u><u>92,801</u></u>

Note:

- (i) The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the People's Republic of China (“**PRC**”) and the Solomon Islands.

Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited (“**Yifeng Wanguo**”) which in turn owns the Xinzhuang copper-lead-zinc mine, an operating mine located in Jiangxi Province, the PRC (“**Xinzhuang Mine**”) in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

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

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

Operating performance

The following tables set forth the volume of respective products sold at the Xinzhuang Mine and Gold Ridge Mine during the six months ended 30 June 2025 compared to the corresponding period in 2024.

Type of products sold	Xinzhuang Mine		
	Six months ended 30 June		
	2025	2024	Changes
	Volume	Volume	(approximate %)
Copper in copper concentrates (tonnes)	1,622	1,829	(11.3%)
Zinc in zinc concentrates (tonnes)	1,731	3,022	(42.7%)
Iron concentrates (tonnes)	25,486	37,980	(32.9%)
Sulfur concentrates (tonnes)	117,971	120,719	(2.3%)
Lead in lead concentrates (tonnes)	529	606	(12.7%)
Sulfur and iron concentrates (tonnes)	25,529	31,759	(19.6%)
Gold in concentrates (kg)	64	90	(28.9%)
Silver in concentrates (kg)	3,225	4,379	(26.4%)
Copper in concentrates (kg)	52	191	(72.8%)

Type of products sold	Gold Ridge Mine		
	Six months ended 30 June		
	2025	2024	Changes
	Volume	Volume	(approximate %)
Gold Doré (kg)	1,022	715	42.9
Gold Concentrates (tonnes)	<u>25,170</u>	<u>22,256</u>	<u>13.1</u>

The following table sets forth the volume of ores mined and processed at our Xinzhuang Mine and Gold Ridge Mine during the six months ended 30 June 2025 and 2024 respectively.

	Xinzhuang Mine			Gold Ridge Mine		
	Six months ended 30 June			Six months ended 30 June		
	2025	2024	Changes	2025	2024	Changes
	Volume (tonnes)	Volume (tonnes)		Volume (tonnes)	Volume (tonnes)	
Volume of ores mined	<u>461,405</u>	<u>522,581</u>	<u>(11.7)</u>	<u>1,975,870</u>	<u>442,443</u>	<u>346.6</u>
Volume of ores processed	<u>450,528</u>	<u>524,522</u>	<u>(14.1)</u>	<u>1,272,280</u>	<u>1,137,256</u>	<u>11.9</u>

During the six months ended 30 June 2025, the decrease in volume of ores mined and processed in Xinzhuang Mine was attributable to temporarily suspension of our copper-iron processing plant for the purpose of technical transformation.

The mining operation of Gold Ridge Mine was interrupted by frequent rainfall during the six months ended 30 June 2024. Relevant measures have been implemented to reduce the impact on mining operation during the six months ended 30 June 2025.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 in Xinzhuang Mine, reaching 600,000 tonnes per annum (“tpa”) in both mining capacity and processing capacity. We are now in the process of upgrading its capacity to 900,000 tpa.

During the six months ended 30 June 2025, the copper-iron processing plant of our Xinzhuang Mine was temporarily suspended for 67 days for the purpose of technical transformation, resulting in high efficiency, energy saving, automation and improvement in level of intelligence. The production capacity of copper-iron processing plant has achieved 800,000 tpa.

Walege Mine

During the first half of 2025, the Group has completed the contract for pre-approval of land use and site selection opinion for the construction of 1.2 million tpa mining and processing project (120萬噸/年採選工程建設用地預審和選址意見委託合同) as well as submitted the comprehensive planning argumentation report (綜合規劃論證報告) for approval. The Group has obtained Pre-approval Number 2504-540000-15-02-498383 of 1.2 million tpa mining and processing project in the Walege Mine.

Gold Ridge Mine

The Group, through our wholly-owned subsidiaries, own 88.2% effective interest in Gold Ridge Mining Limited, which owns the Gold Ridge Mine with a substantial volume of gold mineral resources and has commenced trial production since 2023.

Floatation production has been approaching our designed capacity with average 9,500 tonnes per day. By end of June 2025, the production capacity has achieved 10,000 tonnes per day with stable recovery at 80%. It is expected to attain 12,000 tonnes per day in second half of the year. Plant modification continued, including a new 500m³ floatation machine installed during six months ended 30 June 2025. Construction of third phase of tailing dry stack facility has been commenced and expected to completed by end of 2025.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 22 September 2024, the Company entered into a subscription agreement (“**Subscription Agreement**”) with Gold Mountains (H.K.) International Mining Company Limited (“**Gold Mountains**”), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd. (“**Zijin Mining**”) (紫金礦業集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601899) and the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 2899). Pursuant to the Subscription Agreement, Gold Mountains agreed to subscribe for 165,600,000 new shares of the Company (the “**Shares**”) at subscription price of HK\$8.33 per subscription share (the “**Subscription**”).

The subscription price of HK\$8.33 per subscription share represents: (1) a discount of approximately 9.95% to the closing price of HK\$9.25 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately preceding the date of the Subscription Agreement; and (2) a discount of approximately 8.80% to the average closing price of HK\$9.134 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The gross proceeds raised from the Subscription was approximately HK\$1,379.4 million, and the net proceeds, after deduction of all relevant expenses, was approximately HK\$1,379.3 million. Pursuant to the Subscription Agreement, 50% of the net proceeds will be used for funding of the project concerning the exploration and development of the Gold Ridge Mine in the Solomon Islands and the remaining 50% of the net proceeds will be used for general working capital of the Company, provided that the Company shall have the right to adjust the use of proceeds subject to applicable laws and regulations.

Zijin Mining is a sizeable multinational mining group dedicated to the exploration and development of copper, gold, zinc, lithium, silver, molybdenum and other metallic mineral resources globally, the research, design and application of mining engineering, etc., providing the materials that improve standards of living in a low carbon future. The cooperation with Zijin Mining not only provides funding to accelerate the development of the Group's Gold Ridge Project located in the Solomon Islands, but also facilitates the sharing of experiences and provides support in mining technology and mine operation overseas.

On 1 November 2024, the Subscription was completed and 165,600,000 Shares, representing approximately 15.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares, have been allotted and issued to Gold Mountains under the general mandate granted to the Directors at the annual general meeting of the Company held on 7 June 2024 at the price of HK\$8.33 per subscription share. Please refer to the Company's announcements dated 22 September 2024 and 1 November 2024 for details.

As at 30 June 2025, the utilization of the net proceeds from the Subscription was as follows:

	Planned use of net proceeds HK\$(million)	Actual use of net proceeds as at 30 June 2025 HK\$(million)	Unutilised net proceeds as at 30 June 2025 HK\$(million)
Use of net proceeds			
Funding of Gold Ridge Project	689.6	689.6	—
General working capital	689.7	689.7	—
Balance	<u>1,379.3</u>	<u>1,379.3</u>	<u>—</u>

ENTERING INTO PROCESSING TECHNICAL SERVICE CONTRACT AND EXPANSION FEASIBILITY STUDY CONTRACT

(i) Entering Into Processing Technical Service Contract

On 31 October 2024, Gold Ridge Mining Limited (“**GRML**”), an indirect non-wholly owned subsidiary of the Company, which owns the Gold Ridge Mine in the Solomon Islands, entered into a contract of processing technical service for Gold Ridge Mine, Solomon Islands (“**Technical Service Contract**”) with Xiamen Zijin Mining & Metallurgy Technology Co., Ltd (廈門紫金礦冶技術有限公司)(“**Zijin MMT**”).

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

- evaluate the recovery of fine-grained gold by flotation columns or Knelson concentrators;

- assist in promoting the technical transformation and production commissioning of processing upgrades, and ensure full capacity of the flotation facility;
- help to train laboratory testers, field technicians and the establishment of a standardized system for the operation of production host positions;
- help the existing concentrator indicators to reach the standard as soon as possible, and accumulate technical experience for the production of subsequent new concentrators;
- submit process materials such as periodic summary or evaluation briefing or training PPT of various work contents, as well as the final PDF version of the project research report; and
- assist in completing the technical transformation and process optimization of production-related equipment.

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

(ii) Entering Into Expansion Feasibility Study Contract

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

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

- USD140,000 payable upon execution and receiving project information;
- USD70,000 payable upon submission of pre-feasibility study report and acceptance by GRML;
- USD680,000 payable upon submission of the preliminary design and acceptance by GRML;
- USD300,000 payable upon submission of the construction drawings of the mining project (including public and auxiliary facilities) and acceptance by GRML;

- USD300,000 payable upon submission of the construction drawings of the rough crushing plant and the intermediate ore pile (including public and auxiliary facilities) of the mining project, and completion of inspection and acceptance by GRML;
- USD300,000 payable upon submission of the construction drawings for the crushing and screening, adsorption, and yard (including utilities) of the heap leach plant, and completion of inspection and acceptance by GRML;
- USD400,000 payable upon submission of the construction drawings of the ore processing plant, flotation plant, dewatering plant, pharmaceutical preparation, pharmaceutical warehouse, blower room and other ore dressing projects (including public and auxiliary facilities) and completion of inspection and acceptance by GRML;
- USD400,000 payable upon submission of the construction drawings of the auxiliary facilities, tailings transfer and return pump house, tailings storage project (including public and auxiliary facilities) and completion of inspection and acceptance by GRML; and
- Remaining USD300,000 as a guarantee deposit, payable upon completion of all design elements and services. In case of default by Zijin Engineering, it will be deducted as the liquidated damages.

Each of the contract sums of the Technical Service Contract and the Expansion Feasibility Study Contract was determined on the basis of commercial terms negotiated at arm's length between the Company and the counterparties having considered (i) the estimated time costs of professional and technical experts involved in the relevant projects; (ii) the expected outcome to the Group's production capacity; (iii) the leading technical skills in mining industry in Zijin Mining; and (iv) the quotations offered by two other engineering design firms for rendering similar services.

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

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

SHARE AWARD SCHEME

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

As at 15 January 2025, there were 108,382,720 award shares available for grant under the 2024 Share Award Scheme. As at 30 June 2025, there were 95,372,720 award shares available for grant under the 2024 Share Award Scheme. Please refer to the Company’s announcements dated 21 November 2024 and 15 January 2025 and the Company’s circular dated 23 December 2024 for details.

As at 30 June 2025, no award shares were granted under the 2024 Share Award Scheme.

SHARE OPTION SCHEME

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

As at 15 January 2025, there were 108,382,720 options available for grant under the 2024 Share Option Scheme. During the six months ended 30 June 2025, 13,010,000 options were granted and among which 2,130,000 options were cancelled. No options were exercised or lapsed. Accordingly, number of Shares that have been issued in respect of options granted during the period ended 30 June 2025 is nil. As at 30 June 2025, there were 95,372,720 options available for grant under the 2024 Share Option Scheme.

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

FINANCIAL REVIEW

	Six months ended 30 June					
	Concentrates products, gold doré and gold concentrates (own mined) <i>RMB’000</i> (unaudited)	Trading of other concentrate (sourced outside) <i>RMB’000</i> (unaudited)	2025 Total <i>RMB’000</i> (unaudited)	Concentrates products, gold doré and gold concentrates (own mined) <i>RMB’000</i> (unaudited)	Trading of other concentrate (sourced outside) <i>RMB’000</i> (unaudited)	2024 Total <i>RMB’000</i> (unaudited)
Revenue	1,240,284	–	1,240,284	850,686	77,170	927,856
Cost of sales	(372,428)	–	(372,428)	(367,151)	(76,826)	(443,977)
Gross profit	867,856	–	867,856	483,535	344	483,879
Gross profit margin	70.0%	–	70.0%	56.8%	0.45%	52.2%

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

The Group's overall revenue reported an increase by approximately 33.7% from approximately RMB927.9 million for the six months ended 30 June 2024 to approximately RMB1,240.3 million for the six months ended 30 June 2025, which was primarily due to the increase in sales generated by Gold Ridge Mine. Our cost of sales decreased by 16.1% from approximately RMB444.0 million for the six months ended 30 June 2024 to approximately RMB372.4 million for the six months ended 30 June 2025 which was mainly caused by cessation of the trading of other concentrate.

The overall gross profit of the Group increased by approximately 79.4% from approximately RMB483.9 million for the six months ended 30 June 2024 to approximately RMB867.9 million for the six months ended 30 June 2025. The overall gross profit margin increased from approximately 52.2% for the six months ended 30 June 2024 to approximately 70.0% for the six months ended 30 June 2025. Such increase was mainly resulted from the increase in gross profit margin of our Gold Ridge Mine.

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

	Six months ended 30 June					
	Xinzhuang Mine Concentrates products RMB'000 (unaudited)	Gold Ridge Mine gold doré and gold concentrates RMB'000 (unaudited)	2025 Total RMB'000 (unaudited)	Xinzhuang Mine Concentrates products RMB'000 (unaudited)	Gold Ridge Mine gold doré and gold concentrates RMB'000 (unaudited)	2024 Total RMB'000 (unaudited)
Revenue	277,041	963,243	1,240,284	289,663	561,023	850,686
Cost of sales	(133,414)	(239,014)	(372,428)	(147,470)	(219,681)	(367,151)
Gross profit	143,627	724,229	867,856	142,193	341,342	483,535
Gross profit margin	51.8%	75.2%	70.0%	49.1%	60.8%	56.8%

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products decreased by approximately 4.4% from approximately RMB289.7 million for the six months ended 30 June 2024 to approximately RMB277.0 million for the six months ended 30 June 2025.

For the six months ended 30 June 2025, we sold 1,622 tonnes of copper in copper concentrates, 25,486 tonnes of iron concentrates and 1,731 tonnes of zinc in zinc concentrates, compared to 1,829 tonnes, 37,980 tonnes and 3,022 tonnes respectively for the six months ended 30 June 2024, representing a decreases of approximately 11.3%, 32.9% and 42.7% respectively, which due to the decrease in volume of ores mined.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates for the six months ended 30 June 2025 were RMB65,845, RMB577 and RMB15,640 per tonne respectively, compared to RMB62,123, RMB726 and RMB15,368 per tonne respectively for the six months ended 30 June 2024, representing increases of approximately 6.0% and 1.8% for copper in copper concentrates and zinc in zinc concentrates respectively, and a decrease of approximately 20.5% for iron concentrates due to the drop in demand in real estate of China.

The cost of sales of concentrates products decreased by approximately 9.6% from approximately RMB147.5 million for the six months ended 30 June 2024 to approximately RMB133.4 million for the six months ended 30 June 2025, which was due to decrease in volume of ores processed.

The gross profit of concentrates products for the six months ended 30 June 2025 was approximately RMB143.6 million, which represented an increase of approximately 1.0% compared to approximately RMB142.2 million for the six months ended 30 June 2024. The gross profit margin increased from approximately 49.1% for the six months ended 30 June 2024 to approximately 51.8% for the six months ended 30 June 2025. Such increase was mainly attributable to the increase in the price of concentrates.

Gold Ridge Mine – gold doré and gold concentrates

Revenue from sales of gold doré and gold concentrates increased by approximately 71.7% from approximately RMB561.0 million for the six months ended 30 June 2024 to approximately RMB963.2 million for the six months ended 30 June 2025. The increase was primarily due to the increase in gold price and volume of gold concentrates sold.

The cost of sales of gold doré and gold concentrates increased by approximately 8.8% from approximately RMB219.7 million for the six months ended 30 June 2024 to approximately RMB239.0 million for the six months ended 30 June 2025. This increase was attributable to the increase in volume of ores mined and processed.

The gross profit of gold doré and gold concentrates for the six months ended 30 June 2025 was approximately RMB724.2 million, which represented an increase of approximately 112.2% compared to approximately RMB341.3 million for the six months ended 30 June 2024. The gross profit margin increased from approximately 60.8% for the six months ended 30 June 2024 to approximately 75.2% for the six months ended 30 June 2025. Such increase was mainly attributable to the significant increase in gold prices.

(ii) Trading of other concentrates (sourced outside)

No trading of other concentrates during the six months ended 30 June 2025. Revenue from trading of other concentrates was approximately RMB77.2 million during the six months ended 30 June 2024. The corresponding cost of sales of other concentrates was approximately RMB76.8 million and the gross profit of trading of other concentrates was approximately RMB345,000 during the six months ended 30 June 2024.

Other income

Our other income comprised mainly bank interest income of approximately RMB1.7 million, interest income from financial assets at fair value through profit or loss (“FVTPL”) of approximately RMB22.7 million, incentives received from a local governmental authority of approximately RMB1.4 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.6 million for the six months ended 30 June 2025. Other income increased by approximately RMB28.4 million compared with the corresponding period in 2024, which was mainly attributable to the increase in interest income from FVTPL.

Other gains and losses

Our other gains and losses increased by approximately RMB18.5 million from losses of approximately RMB4.8 million for the six months ended 30 June 2024 to gains of approximately RMB13.7 million for the six months ended 30 June 2025, which comprised mainly gain from change in fair value of financial assets at FVTPL of approximately RMB22.2 million, unrealised exchange loss of approximately RMB7.6 million for the six months ended 30 June 2025 as a result of the translation of US dollars into Solomon Islands dollars as well as Australian dollars and Hong Kong dollars into Renminbi, whereas for the six months ended 30 June 2024, unrealised exchange loss of approximately RMB3.8 million was incurred as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 12.3% from approximately RMB57.1 million for the six months ended 30 June 2024 to approximately RMB64.1 million for the six months ended 30 June 2025. The increase was mainly attributable to the increase in the railway and transportation fees, export duty and royalties as a result of the increase in the sales volume of gold concentrates and gold doré in our Gold Ridge Mine.

Administrative expenses

Our administrative expenses increased by approximately 42.8% from approximately RMB62.2 million for the six months ended 30 June 2024 to approximately RMB88.8 million for the six months ended 30 June 2025. The increase was principally attributable to the increase in staff costs, depreciation and security incurred by Gold Ridge Mine and property insurance incurred by GRML to secure our operation in Gold Ridge Mine.

Finance costs

Our finance costs decreased by approximately 15.0% from approximately RMB6.0 million for the six months ended 30 June 2024 to approximately RMB5.1 million for the six months ended 30 June 2025, primarily due to the decrease in bank borrowings.

Income tax expense

Our income tax expense was approximately RMB88.4 million for the six months ended 30 June 2025, consisting of PRC corporate income tax payable of approximately RMB14.3 million, Solomon Islands corporate income tax payable of approximately RMB76.0 million, withholding tax payable of approximately RMB5.0 million, underprovision in respect of prior year of RMB0.2 million and deferred tax credit of approximately RMB7.1 million. Our income tax expense was approximately RMB24.3 million for the six months ended 30 June 2024, consisting of PRC corporate income tax payable of approximately RMB14.2 million, withholding tax payable of approximately RMB7.6 million, underprovision in respect of prior year RMB5.9 million and deferred tax credit of approximately RMB3.4 million.

The increase in our income tax expense for the six months ended 30 June 2025 was primarily due to the increase in our Gold Ridge Mine income tax expense as a result of the increase in operating profit and full utilisation of tax losses brought forward from prior years which were subject to a 35% income tax rate under the Solomon Islands corporate income tax laws.

Profit for the period

As a result of the foregoing, our profit after taxation increased by approximately 100.9% or approximately RMB334.1 million, from approximately RMB331.2 million for the six months ended 30 June 2024 to approximately RMB665.3 million for the six months ended 30 June 2025. The increase was mainly attributable to the increase in sales of gold doré and gold concentrates and their profits contribution from our Gold Ridge Mine.

Our net profit margin increased from approximately 35.7% for the six months ended 30 June 2024 to approximately 53.6% for the six months ended 30 June 2025. Such increase was mainly due to rise in revenue and profit generated from sales of gold doré and gold concentrates.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 136.3% or approximately RMB346.5 million, from approximately RMB254.3 million for the six months ended 30 June 2024 to approximately RMB600.8 million for the six months ended 30 June 2025.

Liquidity and financial resources

During the six months ended 30 June 2025, the Group's net cash generated from operating activities was approximately RMB438.2 million (net cash generated from operating activities for the six months ended 30 June 2024: approximately RMB209.9 million) and the Group's bank balances and cash was approximately RMB659.3 million as at 30 June 2025 (as at 31 December 2024: approximately RMB513.7 million). Such increase in bank balances and cash was mainly attributable to the increase in cash generated from operation from Gold Ridge Mine and proceeds from subscription of new shares under general mandate.

Included in bank balances and cash, approximately RMB534.2 million (as at 31 December 2024: approximately RMB268.7 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars.

Borrowings

As at 30 June 2025, the Group had secured bank borrowings of approximately RMB109.6 million and unsecured bank borrowings of approximately RMB40.0 million in aggregate with maturity from one year to four years and effective interest rate of approximately 4.52%.

Gearing ratio

The Group had a gearing ratio of approximately 4.2% (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) as at 30 June 2025. The gearing ratio was approximately 7.7% as at 31 December 2024. The decrease in gearing ratio was mainly attributable to the increase in bank balances and cash and financial assets at FVTPL.

Capital expenditure

Capital expenditure mainly included purchase of mining and processing equipment, construction of mining structures at the Gold Ridge Mine as well as payment for exploration and evaluation assets. For the six months ended 30 June 2025, capital expenditure of approximately RMB174.2 million has been incurred (for the six months ended 30 June 2024: approximately RMB64.0 million).

Contractual obligations and capital commitment

As at 30 June 2025, the Group's capital commitment amounted to approximately RMB366.3 million, representing an increase of approximately RMB19.8 million as compared to approximately RMB346.5 million as at 31 December 2024, which was primarily due to the construction of a secondary hydropower station at the Gold Ridge Mine.

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities or guarantees.

Significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in this announcement, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associated and joint ventures during the six months ended 30 June 2025.

Future plan for material investments and capital assets

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

Charge on group assets

As at 30 June 2025, the Group's right-of-use assets and buildings with carrying value of approximately RMB54.1 million (as at 31 December 2024: approximately RMB55.9 million) were pledged to secure the Group's bank borrowings and facilities.

Exposure to fluctuations in exchange rates

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

As Renminbi fluctuated against Hong Kong dollars and Australian dollars in a limited extent during the reporting period, the Group had no material adverse exposure to foreign exchange fluctuations during the six months ended 30 June 2025. We have not used any foreign currency hedge arrangement or other derivatives to hedge against exchange rates risk.

Interest rate risk

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

INTERIM DIVIDEND

The Board declared an interim dividend of HK\$20.30 cents (equivalent to RMB18.51 cents) per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$12.00 cents), representing approximately 33.4% (six months ended 30 June 2024: 35.6%) of the profit attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Tuesday, 30 September 2025. Based on the number of issued Shares as at 30 June 2025, this represents a total distribution of approximately RMB200.6 million. It is expected that the proposed interim dividend will be paid on or before 28 November 2025. The dividend has not been included as a liability in the condensed consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The interim dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Tuesday, 30 September 2025. For determination of entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 26 September 2025 to Tuesday, 30 September 2025, both days inclusive. In order to qualify for the proposed interim dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong share register, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 25 September 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed approximately 1,292 employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine and mining and drilling works at Gold Ridge Mine. Remuneration is determined and reviewed based on fair principles with reference to market conditions and individual performances.

The Group also provides other benefits to its employees including social insurance together with housing provident funds for our PRC employees, contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees and national provident funds for our Solomon Islands employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During the six months ended 30 June 2025, the exploration activities in the Xinzhuang Mine were within 4-29 exploration line. We have completed underground geological drilling of 11,473 m, with drill size of 60-108 mm for the six months ended 30 June 2025. We have also finished tunnel drilling of 525.7 m and completed adit mapping of 1,162 m. For the six months ended 30 June 2025, approximately RMB1.2 million was incurred for the mineral exploration.

Development

During the six months ended 30 June 2025, the Group incurred development expenditure of approximately RMB126.1 million. Detailed breakdown of development expenditure is as follows:

	<i>RMB (million)</i>
Mining structures	88.9
Machinery and electronic equipment for processing plants	32.0
Motor vehicles	5.2
	<hr/>
	126.1
	<hr/>

Mining activities

During the six months ended 30 June 2025, we processed a total of 450,528 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during the six months ended 30 June 2025.

Type of concentrates sold	Six months ended 30 June	
	2025	2024
	Volume	Volume
Copper in copper concentrates	1,622 tonnes	1,829 tonnes
Iron concentrates	25,486 tonnes	37,980 tonnes
Zinc in zinc concentrates	1,731 tonnes	3,022 tonnes
Sulfur concentrates	117,971 tonnes	120,719 tonnes
Lead in lead concentrates	529 tonnes	606 tonnes
Sulfur and iron concentrates	25,529 tonnes	31,759 tonnes
Gold in copper concentrates	23 kg	26 kg
Silver in copper concentrates	1,869 kg	1,931 kg
Gold in zinc concentrates	3 kg	9 kg
Silver in zinc concentrates	–	21 kg
Gold in lead concentrates	38 kg	55 kg
Silver in lead concentrates	1,356 kg	2,427 kg
Copper in lead concentrates	52 kg	191 kg

During the six months ended 30 June 2025, Xinzhuang Mine incurred expenditures for mining and processing activities of approximately RMB69.9 million (six months ended 30 June 2024: approximately RMB73.9 million) and approximately RMB50.3 million (six months ended 30 June 2024: approximately RMB55.2 million) respectively. The unit expenditures for mining and processing activities during the six months ended 30 June 2025 were approximately RMB155.2/t (six months ended 30 June 2024: approximately RMB141.0/t) and approximately RMB111.7/t (six months ended 30 June 2024: approximately RMB105.3/t) respectively. The increase in unit expenditure for processing and mining activities was primarily due to the decrease in mining and processing volume, while some fixed costs remained constant.

Walege Mine

We own 51% attributable interest of Xizang Changdu which in turn owns the Walege Mine in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver. The Group is in the process of converting its exploration license to mining license.

Mineral exploration

No exploration was conducted during the six months ended 30 June 2025.

Development

During the six months ended 30 June 2025, Walege Mine incurred development expenditure of approximately RMB0.9 million mainly in respect of maintenance of exploration license and activities in relation to conversion of exploration license to mining license.

Mining activities

Since the Walege Mine is still in development stage, no mining activities occurred for the six months ended 30 June 2025.

Gold Ridge Mine

Mineral exploration

During the first half of 2025, there were a total of 367 holes drilled with a total of 42,555.7 m in Valehaichichi deposit, Charivunga deposit, Kupers and Dawsons deposit at the Gold Ridge Mine, including:

- 33 core drill holes with 18,396.3m;
- 334 reverse circulation drill holes with 24,159.4m

We obtained: high-grade areas are mainly located in the tuff layer, with elevations around 0-100 meters and high-grade tuff layers were detected in the direction of the extension of the ore body in the south and east.

For the first half of 2025, expenditure of mineral exploration was approximately RMB15.1 million. The expenditure includes direct drilling cost, energy cost and assay cost.

Development

For the first half of 2025, the Gold Ridge Mine incurred development expenditure of RMB26.8 million mainly in respect of the construction of the tailings dry stacking facility, gold room refurbishment and flotation plant upgrade and self-use hydropower plant.

Detailed breakdown of development expenditure is as follows:

	<i>RMB (million)</i>
Mining structures	11.5
Machinery and electronic equipment for processing plants	14.1
Motor vehicles	1.2
	<u>26.8</u>

Mining activities

In the first half of 2025, the flotation plant processed a total of approximately 1,272,280 tonnes of ore and produced approximately 26,307 dry metric tonnes of gold concentrates.

Knelson gravity circuit and heap leach plant produced approximately 1,046kg of gold doré (averaging 80.64% gold and 15.93% silver), which were sold to the second largest gold refinery by market share in Australia.

The following table sets forth the volume of respective products sold from the Gold Ridge Mine during the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	Volume	Volume
Type of products sold		
Gold Doré (<i>kg</i>)	1,022	715
Gold Concentrates (<i>tonnes</i>)	25,170	22,256

The following table sets forth the volume of ores mined and processed at the Gold Ridge Mine during the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	Volume	Volume
	(tonnes)	(tonnes)
Volume of ore mined	1,975,870	442,443
Volume of ore processed	1,272,280	1,137,256

Surge in volume of ore mined during the six months ended 30 June 2025 was attributable to disruption of mining operation under frequent rainfalls in first quarter of 2024. Increase in volume of ore mined during the six months ended 30 June 2025 was attributable to increase in mining machines and equipment by subcontractors, and ease of access in mining locations under improvement of road condition.

With new 500m³ floatation machines installed in processing plant, the processing capacity has increased from approximately 9,000 tonnes per day gradually to 12,000 to 13,000 tonnes per day.

For the first half of 2025, Gold Ridge Mine incurred expenditures for mining and processing activities of approximately RMB131.7 million and RMB99.7 million respectively. The unit expenditures for mining and processing activities were approximately RMB66.6/t and RMB78.4/t respectively for the first half of 2025.

PROSPECT

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

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014 and is now in the final stage of upgrading the mining capacity to 900,000 tpa. We planned to further upgrade the mining capacity to 1,000,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

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

OUTLOOK

A further weakening of the US dollar should provide a tailwind for commodities, a rise in inflation in the US could also attract capital inflows, and any Chinese stimulus would be a windfall for the sector, according to Morgan Stanley's metals sector report. However, US tariffs pose a growth risk as the effects of earlier hoarding fade. The bank has a preference for gold, silver and COMEX copper futures. Morgan Stanley said it sees the trend in metals markets continuing this year, with upside in COMEX copper, gold and silver, but platinum stabilising after a rise of around 50%. The bank raised its fourth-quarter gold price target to USD3,800 per ounce, with central banking and investment demand continuing to support demand, driven by a weaker US dollar, ETF buying and a backdrop of ongoing uncertainty, while jewellery demand is likely to pick up as consumers adjust to higher prices. The bank expects gold to trade at USD3,500 per ounce in the third quarter of 2025, USD3,800 per ounce in the fourth quarter of 2025, USD3,500 per ounce in the first quarter of 2026. Morgan Stanley also expects the average price of gold to be USD3,313 per ounce in 2026, and USD2,625 per ounce in 2027.

By end of June 2025, Goldman Sachs said it expects the average monthly price of copper to rise to USD9,890 in the second half of 2025 from USD9,140 previously. The bank also said it expects copper prices to rise to a yearly high of USD10,050 in August as tariffs lead to a reduction in inventories outside the United States and as market sentiment and economic activity in major consuming countries remain relatively resilient, before falling to USD9,700 in December 2025.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there have been no significant events that have materially affected the Group subsequent to 30 June 2025 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and has complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 June 2025, except for the deviation from code provision C.2.1 of the CG Code in respect of segregation of the roles of chairman and chief executive officer as mentioned below.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Gao Mingqing, in addition to his duties as the chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations as the chief executive officer of the Company. This constitutes a deviation from code provision C.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties for overseeing the Group’s operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors, all Directors have confirmed that they had complied with the Model Code and the required standard set out in the Code of Conduct during the six months ended 30 June 2025.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the six months ended 30 June 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including treasury shares) during the six months ended 30 June 2025.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, and risk management and internal control of the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirements of the Listing Rules.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at www.wgmine.com. The 2025 interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By Order of the Board
Wanguo Gold Group Limited
Gao Mingqing
Chairman

Hong Kong, 15 August 2025

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Liu Zhichun, and Mr. Wang Guobiao as executive directors; Mr. Wang Renxiang as a non-executive director; and Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin as independent non-executive directors.